Governor's Budget Summary

1983-84

George Deukmejian, Governor, **State of California**



Legislative, Judicial, and Executive



State and -Consumer Services



Business, Transportation and Housing



Resources



Health and Wellare



Youth and Adult



Education



General Government



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to the

California Legislature

1983-84 Regular Session

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State of California

Governor's Budget Summary

FOR 1983-84

Submitted by **George Deukmejian** Governor

to the

California Legislature

1983-84 Regular Session

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State of California



GOVERNOR'S OFFICE SACRAMENTO 95814

January 10, 1983

Budget Message

To the Senate and Assembly of the Legislature of California:

In compliance with Article IV, Section 12 of the State Constitution, which requires that a balanced budget be presented to you within the first ten days of each calendar year, I submit herewith for your review and consideration the State of California Budget for the 1983–84 fiscal year.

It has been a challenge to convert, in a few weeks, the State's massive and complex fiscal program to meet my basic objective of assuring that essential public services will be met at the lowest possible cost consistent with quality. The task was made more difficult by the fact that this Administration has fallen heir to one of the most serious fiscal dilemmas that has ever faced the State of California.

The challenge, however, has been met. A significant aspect of this budget is that for the first time in five years the proposed expenditure plan is less than projected revenues. Equally noteworthy is that this budget proposes a 1983–84 General Fund expenditure of \$21.7 billion, which is approximately the same as the 1981–82 actual expenditures. In addition, there is a decrease of over 1,000 personnel years from 1982–83 to 1983–84.

The 1983-84 budget was developed with the hope that the projected current year deficit of approximately \$1.5 billion would be resolved with legislation by the end of 1982. It was intended that the Special Session, called two months ago by Governor Brown, would be able to take the necessary actions to prevent ending the year with a deficit, but no plan emerged. Without a plan, the cash management crisis is now a reality. This Administration and the Legislature must take immediate steps to put a plan in place. If steps are not taken, the State will be forced into issuing registered warrants or obtaining funding from the outside market at a significantly higher interest rate than currently required. Therefore, my first priority will be to develop a plan to bring the State's spending and revenue into balance. The commitment of the Legislature and this Administration to work together in resolving the problem is crucial: without a sound long-term solution, the State will have difficulty obtaining short-term financing to support state government and stands the risk of losing its ability to provide bond-financed projects.

This budget provides options for resolving the problem over the next 18 months without resorting to a tax increase. As part of this proposal, administrative actions have been taken to reduce the scope of the problem to the extent possible. Sacrifices are unavoidable during the next 18 months for all those providing and relying upon government services.

Highlights of my budget proposals for 1983-84 follow:

Education

K - 12

The budget I am submitting reflects the higher priority I believe education should be given in the allocation of our scarce resources. A 6 percent cost-of-living adjustment (COLA) of \$447 million is proposed for K-12 regular education programs, representing the largest COLA for any program in the budget. Also, low-wealth districts will receive a special adjustment of \$34.7 million that will bring 96 percent of the average daily attendance (ADA) in the State within the \$100 per ADA standard established by the California Supreme Court in the Serrano vs. Priest decision. A block grant program is proposed to consolidate ten special-purpose categorical programs into one program in order to provide more resources for direct classroom instruction. Under the 1983–84 proposal, the K-12 share of the total General Fund budget will increase from 35.5 percent in 1982–83 to 36.9 percent in 1983–84.

Higher Education

The budget proposes full funding of undergraduate enrollment increases that are anticipated by the University of California and the California State University for a total additional cost to the General Fund of \$13.7 million.

In continuing the State's effort to maintain the excellent quality of education provided by both of these systems while also balancing the budget, it is proposed that students attending the University of California be required to pay an additional annual fee of \$150 and those attending the California State University an additional annual fee of \$230. It is also proposed that a portion of the fee revenue be allocated to the two systems to provide additional financial aid to needy students.

The community colleges' current financing system terminates at the end of the 1982-83 fiscal year, and a new financing law will be required for 1983-84. As part of this new law, it is proposed that the students attending community colleges be required to pay a general fee of \$50 per semester for 1983-84. This would be a step toward achieving equity in the sharing of the cost of education among postsecondary education students in the State.

Public Safety

The area of public safety presents this Administration with both a challenge and an opportunity. The State needs effective programs for preventing crime, protecting citizens, and providing secure and responsible incarceration of offenders.

Drug abuse has become one of society's most debilitating problems, damaging the health of users, disrupting the family, reducing productivity in the workplace, and fostering an environment for criminal activity. A key to the drug abuse problem is the availability of drugs on and around school grounds. This availability has to be curtailed: schools must be marketplaces for learning, not marketplaces for drugs. To meet this objective, the Administration proposes to establish a \$3 million suppression of drug abuse program in schools within the Office of Criminal Justice Planning. This grant program will allocate state funds to local law enforcement agencies to work with school districts and county boards of education in implementing programs which suppress and prevent drug abuse among teenagers, with particular focus on use and trafficking within the school environment.

The California prison system is facing an unprecedented increase in commitments and length of stay which has created a demand far exceeding the state's current inmate housing ability. The 9,500 inmate growth projected for 1983–84 represents an increase of 25 percent over the current year. The budget proposes 591 new positions and approximately \$74 million to provide the necessary support for this increase.

Transfer of the Youth Training School from Youth Authority to Corrections is proposed effective July 1, 1983 in an effort to alleviate the prison population crisis and to maximize limited correctional facilities. This will house approximately 2,000 of the 9,500 inmate increase by June 1984. Another 3,000 inmates will be housed by various overcrowding adjustments, with

the remaining 4,500 to be housed in tents and temporary housing at sites as yet to be determined.

The California Department of Corrections (CDC) proposes to require every able-bodied inmate to participate in a work or training program. In keeping with recent legislative direction, CDC is developing plans to have full-time work and vocational or academic education assignments required of all inmates. This type of program will be a positive deterrent to crime by making inmates more qualified to re-enter society as a useful citizen and therefore lessening the potential that they will again resort to criminal activity.

The proposed 1983-84 budget for the California Highway Patrol increases the number of traffic officers and supporting staff by 383 positions and \$17 million to provide protection and assistance to the motoring public. Included in this amount is \$1.5 million for air operations in direct support of traffic management to assist other law enforcement agencies and \$.5 million for 15.5 positions to implement a flammable liquid cargo tank inspection program.

Health and Welfare

Consistent with the difficult fiscal times, the overall General Fund budget for health and welfare programs is down from 1982–83 to 1983–84 by approximately \$400 million.

Major state and local efficiencies are proposed by shifting from categorical to block grant programs. Nine public health programs previously administered by the Department of Health Services are proposed for inclusion in a single block grant to local governments. Similarly, alcohol and drug prevention and treatment activities currently administered by the Department of Alcohol and Drug Programs are proposed for consolidation into a single alcohol and drug block grant program. In implementing the block grants, it is proposed that most state statutory and regulatory requirements be eliminated. This change is expected to result in increased local flexibility, in a partial transfer of funding from local administrative requirements to direct services, and in the elimination of 400 state positions currently regulating these programs. All local savings will be kept within these programs for direct services.

Welfare costs to the State are expected to be reduced by \$18 million in General Funds in 1983-84 through statewide implementation of a welfare fraud program currently operating in Orange County. Under this program, investigators from the district attorney's welfare fraud unit are stationed at the county welfare office to immediately investigate the application when an eligibility worker suspects fraud. This early detection method avoids aid payments to fraudulent applicants who otherwise are not discovered until after they have received substantial amounts of aid.

This budget incorporates federal options which allow states to reduce grant levels for Aid to Families with Dependent Children (AFDC) who are in shared-living situations with others not in their family unit in order to assure that these other persons pay their fair share of such costs. The budget also begins the aid payment for all new applicants effective on the first day of the month following the application month. Recognizing that California has the highest AFDC grant level except for Alaska's, funding for AFDC is being held constant until the State more closely approximates the maximum aid payment levels among the next five largest states with the highest level of AFDC payments. A 2.1 percent cost-of-living adjustment is provided in the SSI/SSP program for the elderly.

An essential element of the state hospital budget is the maintenance of established staffing levels in all hospitals serving the developmentally disabled and mentally ill. A total of \$9.4 million and 480 positions is included to support staffing standards which have been eroded through increased absences such as additional holiday credit and industrial disability leave.

In the area of developmental services, the 1983–84 budget proposes to streamline management services for clients by limiting case management to existing clients and by concentrating case management activities on those clients most dependent on regional centers for services. These administrative efficiencies will make a moderate increase in caseload possible without additional funding.

The local mental health budget is predicated on an equitable and complete recovery of funds from all revenue sources. The uniform collection of patient fees is anticipated to result in \$9.1 million of additional revenue to local programs and an equivalent General Fund reduction.

In the Medi-Cal program, cost savings negotiated by the Legislature in 1982 are maintained in this budget. The budget also proposes a shift to a non-elective abortion policy: funding is proposed for abortions only in cases of rape or incest, where the woman's life is in danger, where severe and long-lasting physical health damage to the mother would result if the pregnancy were carried to term, or where prenatal studies demonstrate that severe congenital or genetic abnormality exists.

Salary Increase Funds

During 1982-83, state employees were required to forego a general salary increase. The 1983-84 budget recognizes the value of state employees, retirees, and judges by providing a benefit package of \$337 million (all funds) equal to about 5 percent. In addition, individual department budgets include \$90 million to continue the State's contribution for employees' health premiums and dental costs authorized in 1982-83. The use of these funds for salaries or for adjustments to benefits will be negotiated through the collective bargaining process.

Reserves

Since 1978 and the passage of Proposition 13, the trend has been to utilize available surpluses and one-time revenues in order to balance the budget. The surplus which was once massive is now nonexistent. The budget as proposed for 1983–84 is a "cost contained" budget in which revenues projected for 1983–84 exceed expenditures for that period by \$800 million. Of this amount, \$650 million has been set aside in the Reserve for Economic Uncertainties to meet State General Fund obligations in the event of a further decline in revenue or an unanticipated increase in expenditure. The \$650 million equates to 3 percent of proposed expenditures which is considered to be a prudent reserve. The remainder, \$150 million, has been reserved for future financial legislation. This amount represents the estimated first-year costs of bills which are likely to be enacted during 1983–84.

Cost/Benefit Adjustments

As a result of applying efficiency standards to state programs, this budget proposes reductions in several areas of government and the redirection of true savings into higher priorities. Included in these savings is a 10 percent reduction in the Executive Office of the Governor. Dollar savings through cost/benefit adjustments total approximately \$56 million. Personnel year reductions total 953.

Government Efficiency Teams will be established soon and will be composed of representatives from the private and public sectors who will review government programs and prepare further efficiencies to be included in the budget before its enactment.

We believe that this budget honestly deals with the fiscal problems facing California without raising taxes. It reduces government while ensuring that essential services are continued. It is the first step toward making California fiscally sound once again.

Senge Senking Governor

DEPARTMENT OF FINANCE DIRECTOR'S OFFICE SACRAMENTO



Letter of Transmittal

To the Honorable George Deukmejian Governor of California

SPENDING PLAN

In developing this spending plan, we attempted to prepare a budget which reflected the fiscal realities facing California today, and which carried out your policies and priorities. This was a difficult task because of the short period of time available to us, and because of the unprecedented fiscal crisis. Not only did we have the task of preparing the 1983–84 budget, but we were also required at the last minute to attempt to salvage the current year budget.

Despite these difficulties, I believe that the budget document which we forward to you has met the challenge. It contains a plan to deal with the failure of the current year budget. It proposes a 1983–84 budget which is balanced, reflects your policies and priorities, and restores fiscal responsibility to California.

In closing, I wish to bring to your attention the men and women of the Department of Finance who have worked with me to develop this budget in the short period of time available to us. In their dedication and professionalism they represent the very best in State Government.

Sincerely,

Director of Finance

January 10, 1983



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The Governor's Budget

INTRODUCTION

The Governor's Budget is divided into three sections. The first is traditionally called the "A" pages and consists of summary tables and brief narrative discussing the major budgetary elements, changes, and accomplishments. Included in the "A" pages are the Governor's Message, the Director of Finance's Transmittal Letter, the General Budget Summary which shows the total funds available for the past year, current year and proposed budget year, and the traditional revenue and expenditure piecharts for the proposed budget.

Special note should be taken of the pink and yellow colored sections of the "A" pages. The pink section outlines the current fiscal problem and provides options for its resolution. The yellow section includes special presentations that highlight such areas as Education, Public Safety, Transportation, Health and Welfare and Local Government.

The second, and largest section, is the individual budget presentations for each department. The presentations are arranged within eight major groupings, i.e.; Legislative, Judicial and Executive; State and Consumer Services; Business, Transportation and Housing; Resources; Health and Welfare; Youth and Adult Correctional; Education and General Government. Each budget presentation provides past year, current year, and proposed budget year information, in a program budget format with a summary by object of expenditure and highlights of significant changes or accomplishments.

The third section, called the "B" pages, provides additional fiscal information in summary schedules, e.g., comparison of revenues and expenditures for the past year, current year, and the proposed budget year. The "A" and "B" pages together are published separately as the Governor's Budget Summary. In addition, the Salaries and Wages Supplement is published as a separate document. This document presents the detailed data on approved staffing for State agencies.

THE BUDGET PROCESS

The Governor's Budget is the result of a process which begins in the spring, more than one

year before the budget is to be effective. The process is started when budget preparation instructions are issued by the Department of Finance to all departments. These instructions normally describe the Administration's guidelines related to continuing the current level of service (baseline budget) and proposed budget changes. They are to be used by departments in preparing their budgets for submission to the Department of Finance in September and October.

In addition, the Department of Finance may initiate budget change proposals relative to a particular program or operational unit of a department. These proposals are based on special program and cost evaluations prepared by Department of Finance staff and may require a department to justify continuing a particular activity or level of service.

During the fall, each department's baseling budget is reviewed and budget change proposals are thoroughly analyzed by the Department of Finance. Conferences are held with departmental and agency representatives, the Director of Finance and the Department of Finance program budget manager to decide whether a particular budget request is within the established budget guidelines. Issues outside of the established priorities are referred to the Governor's Office. When all the decisions are made, a particular budget is "closed" and it is scheduled for final printing by the State Printing Plant.

With the submission of the Governor's Budget, which is required by January 10 of each year, the chairman of the Senate Finance and Assembly Ways and Means Committees each introduce a Budget Bill which contains appropriations to finance the program levels proposed in the Governor's Budget. If new programs or program changes are being recommended, a "Budget Trailer Bill" is also introduced which contains statutory changes required to implement proposals in the Governor's Budget. Throughout the spring, and with the assistance of Committee Consultants and the Legislative Analyst, who prepares a detailed analysis of the Governor's Budget, the fiscal committees of

each House of the Legislature hold hearings to determine if changes should be made to proposals included in the Governor's Budget. At these hearings, representatives from the department whose budget is being heard, the Department of Finance, the Legislative Analyst, and the public may be called upon to provide official testimony.

Changes desired by the Administration concerning events occurring after the Governor's Budget is submitted are included in "Finance Letters" addressed to and considered by the fiscal committees.

In mid-May, the Department of Finance updates its estimates of current year and budget year revenues, expenditures (including any final Administration expenditure proposals) and reserves. This provides the Legislature with the most current estimate of resources that will be available for expenditure.

At the completion of all the hearings, each House generally passes its Budget Bill. A Conference Committee of six legislators is chosen to resolve differences in the two Bills and to incorporate a "Conference Committee Version" into one of the Bills. This Bill is then sent to the floor of each House and, if passed by a vote of twothirds of the members, is enrolled and sent to the Governor. If it is not passed, a new Conference Committee is formed and the conference process is repeated. The "Budget Trailer Bill" is similarly passed by the Legislature and sent to the Governor for signature. Its provisions are joined with those of the Budget Bill.

Upon receipt of the Budget Bill, the Governor meets with his advisors to exercise his veto discretion, which permits reducing or eliminating the entire amount of a particular item of expenditure. The Governor then signs the Budget Bill and it becomes the Budget Act. The Legislature may then consider overriding any vetoes the Governor has made and may do so by a twothirds vote of each House.

At this point, most of the operating budget of the State has been determined. However, it is not until early November that the total budget authorizations are actually known. By then, the Department of Finance has analyzed the cost impact of all other legislation which authorized additional expenditures or changed revenues for a fiscal year.

CHANGES IN THE GOVERNOR'S BUDGET AND BUDGET BILL

Assembly Bill 3322, Chapter 1284, Statutes of 1978, mandates certain format requirements for the Governor's Budget. It emphasizes the requirement that the Governor's Budget be a complete plan of expenditures for the State, and in addition, makes the following requirements:

1. The Governor's Budget must be submitted as a program budget, with programs reflecting each agency's activities, displayed in a similar manner and at a similar level of detail each year;

2. Program budgets must reflect funding

from all funding sources;

3. The Governor's Budget must have a coding structure so that similar or identical activities being performed by the same or different entities may be identified and compared;

The first two requirements are being phased into the Governor's Budget over a period of time, coinciding with each agency acquiring automated program cost accounting capabilities and providing fiscal information to the California Fiscal Information System (CFIS).

The Governor's Budget includes the third requirement for a coding structure. This common coding is also being used in the Budget Bill, and in CFIS for selected information (see the Department of Finance Budget 8860, program 30.10 for specific details). The classification of like information and the use of common coding will enable comparisons of activities and expenditures across departmental lines. Coding is included in this budget for each department/ budget activity, program activity, character of expenditure (State operations, local assistance and capital outlay), selected line-item object totals (e.g., Personal Services), revenue and other receipts, funds, and Budget Act appropriations.

A glossary of budgetary terminology used frequently throughout the Governor's Budget and the Budget Bill is included in the "B" pages at

the end of the budget.

The Budget Bill similarly must reflect, as closely as possible, the Governor's Budget. The appropriations of those departments with automated program cost accounting capabilities may be scheduled by program in lieu of categories, and common coding is used to identify appropriation items and program/category appropriation limitations.

THE BUDGET DOCUMENTS

Listed below are the key documents used in the budget process and a brief description of their purpose, originator and approximate release date.

Title	Purpose	Prepared/Issued	When
Budget Letters and Management Memos	Define current Administration guidelines for budget preparation	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service	Agencies and departments submit to Department of Fi- nance for analysis	July through September
Governor's Budget	Governor's proposed budget for the upcoming fis- cal year	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document)	Department of Finance/ Legislature	January 10
Governor's Budget Summary	A summary of the Governor's Budget	Governor/Department of Finance	Late January
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget	Legislative Analyst	February
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and surplus estimates based on the latest economic forecast	Department of Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes	Legislature/Governor	Late June
Supplemental Report of the Committee of Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies	Legislative Analyst	Early July
Final Budget Summary	Published, if needed, update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal informa- tion in Governor's Budget, in accordance with the Budget Act	Department of Finance	Late July
General Fund Update and Financial Legislation Report	Update of revenue and expenditure estimates, including financial legislation	Department of Finance	Early November

KEY SCHEDULES AND TABLES

The Governor's Budget provides detailed information for the individual departmental or budget entity presentations included in eight functional breakdowns: (1) Legislative/Judicial/Executive, (2) State and Consumer Services, (3) Business, Transportation and Housing, (4) Resources, (5) Health and Welfare, (6) Youth and Adult Correctional, (7) Education, and (8) General Government.

In addition to this detailed information, the Budget includes summary information in various tables and schedules. The following schedules and tables are those which may be the most useful for the public, private sector, or other levels of government.

SCHEDULE 1. General Budget Summary—Provides for a fund condition statement for the General Fund and the total of the Special funds plus expenditure totals for the Selected Bond funds.

SCHEDULE 1-C. Total State Spending Plan—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

TABLES 1. and 1A. Personnel Years and Positions and Salary Cost Estimates—Provides position and personnel year data and corresponding dollar amounts by functional breakdown and position classifications. Table 1 provides net data (after salary savings) and Table 1A provides gross data.

SCHEDULE 2. Comparative Statement of

Revenues: Fiscal years 1981–82, 1982–83, and 1983–84—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) other income-transfers.

SCHEDULE 3. Comparative Statement of Expenditures by Character, Function, Organization Unit and Fund; Fiscal Years 1981–82, 1982–83, and 1983–84—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, Selected Bond funds and Federal funds for state operations, local assistance and capital outlay.

SCHEDULE 4. Summary of Fund Condition by Funds as of June 30, 1981, 1982, 1983, and 1984—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

SCHEDULE 6. Comparative Statement of Expenditures by the Budget Act and Expenditures Required by the Constitution or Other Statutes for the Fiscal Years 1981–82, 1982–83, and 1983–84—Provides a listing of expenditures authorized by constitutional or statutory appropriation authority.

SCHEDULE 7. Statement of Bonded Debt of the State of California as of December 31, 1982—Provides a listing of all general obligation bonds including interest rates, maturity dates, authorized amount of bond issues, unsold issues, redemptions, and outstanding issues.

Schedule 1

GENERAL BUDGET SUMMARY® (In thousands)

1981–82	Reference to Schedule	General Fund	Special Funds ^c	Budget Expenditure Totals	Selected Bond Fund Expenditures	Expenditure Totals Including Bond
Prior year resources available	. 4	\$737,405	\$1,165,083			
Revenues and transfers Expenditures		20,960,348 21,692,782	2,640,535 3,098,557	\$24,791,339	\$230,225	\$25,021,564
Reserves:	, ,	21,072,702	3,070,331	424,171,337	\$230,223	323,021,304
Unencumbered Balance of Continuing Appropriations	. 1 B	57,785	218,899			
Reserve of PERS transfer		65,603 118,417	488,159			
BALANCE AVAILABLE		\$4,971	400,137			
BALANCE AVAILABLE	. 16	J=1,7/1	-			
Reserve for Economic Uncertainties per State Controller	. 1 B	-\$118,417	_			
Upholding of Chapter 115/82 (PERS) currently under liti-		177.050				
gation		177,053				
Revised Reserve for Economic Uncertainties		\$58,636	-			
1982–83						
Prior year resources available						
Revised Reserve for Economic Uncertainties		\$58,636	\$488,159			
Unencumbered balance of continuing appropriations		57,785	218,899			
Total beginning resources		\$116,421	\$707,058			
Revenues and transfers Expenditures		\$20,489,651 22,056,930	3,278,929 3,553,795	\$25,610,725	\$579.814	\$26,190,539
Reserves:				425,010,725	03/3,014	920,170,557
Unencumbered Balance of Continuing Appropriations	. 4	5,889	105,050 327,144			
Reserve for Economic Uncertainties		1,456,747	327,144			
BALANCE AVAILABLE.						
DALANCE ATALEADEL						
1983–84						
Prior year resources available	. 4	\$5,889	\$432,194			
Revenues and transfers	. 2	22,479,363	3,546,157			
Expenditures	. 3	21,676,965	3,475,693	\$25,152,658	\$585,447	\$25,738,105
Unencumbered Balance of Continuing Appropriations	. 4	3,470	94,454			
Reserve for Economic Uncertainties	. 4	650,000 b	408,204			
Reserve for future legislation		150,000				
BALANCE AVAILABLE	. 4	\$4,817	-			

The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of State government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded.

The Reserve for Economic Uncertainties provides a source of funds to meet State General Fund obligations in the event of a decline in revenues, an unanticipated increase in expenditures and \$100 million for Los Angeles County Medical Assistance Grant Account pursuant to Chapter 1594 (SB 2012), Statutes of 1982.

Amounts included in this schedule for expenditures may not agree with those shown in Schedule 3 due to rounding.

Schedule 1-A GENERAL FUND

BALANCES AVAILABLE FOR APPROPRIATION JUNE 30, 1983 RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES (In Thousands)

1981–82 Fiscal Year (From past year to current year) Revenues and Transfers: Revenues	1982–83 Governor's Budget (previous estimate) \$20,523,421 957,971	1983–84 Governor's Budget (revised estimate) \$20,009,824 ¹ 1,061,974	Changes to balance available\$513,597 104,003			
State Operations Capital Outlay Local Assistance	4,592,800 38,474 17,407,568	4,497,542 10,736 17,184,504	95,258 27,738 223,064			
Totals, Expenditures	\$22,038,842	\$21,692,782	\$346,060			
Prior year resources available	\$680,997	\$737,405	\$56,408			
1982–83 Fiscal Year (From current year to budget year) Revenues and Transfers:						
Revenues and Translers. Revenues	\$23,123,584 456,760	\$20,049,592 440,059	-\$3,073,992 -16,701			
State Operations Capital Outlay Local Assistance	4,861,603 - 18,241,258	4,697,551 2,149 17,357,230	164,052 — 2,149 884,028			
Unclassified	100,000		100,000			
Totals, Expenditures, Budget	\$23,202,861	\$22,056,930 1,456,747	\$1,145,931 1,456,747			
Reserve for unencumbered balances of continuing appropriations	\$293 \$500,000	\$5,889	<u>-\$5,596</u> \$500,000			
EFFECT OF REVISED ESTIMATES AS REPORTED IN THE 1983–84 GOVERNOR'S BUDGET						
BALANCE AVAILABLE, June 30, 1983, as estimated in the 1982-83 budget BALANCE AVAILABLE, June 30, 1983, as estimated in the 1983-84 budget			\$737			

Includes contingent receivable pursuant to Chapter 115, Statutes of 1982 which represents employer contributions to the Public Employees Retirement System which is currently held in the State Payroll Revolving Fund pending litigation.

Schedule 1-B

GENERAL FUND (In thousands)

STATEMENT OF FINANCIAL CONDITION

June 30, 1982

General Fund Balances * \$555,166 243,131 3,319 235,047 21,124 21,124 316 1,053	\$248,019 27,222 \$275,241	\$57,785 65,603 118,417 \$4,971 \$1,339,368
Accounts Payable Due to other funds Due to Federal governments Due to local governments collected in advance Accountability for project deposits Other liabilities Total Liabilities	RESERVES Reserve for advances to school districts	Reserve for uncarcumbered balances of continuing appropriations. Designated for funds held pending litigation (PERS)
Salances * Salances * \$32,837 100,350 \$111,216 92,627 589,814 16,114 16,218	\$826,836 \$4,787 40,534 42,509 12,424 4,994 104,188 \$209,436	\$\$8,026 \$\$8,026 248,019 64,036 9,264 \$379,345 \$1,339,368
ASSETS Cash: In State Treasury In Agency Accounts Total Accounts Receivable—Current: Abatements and reimbursements Revenues Due from other funds. Due from local governments Due from local government Other current receivables.	Accounts Receivable—Deferred: Absternerits and reimbursements Revenues Due from other funds Interfund building loans. Due from local governments Other deferred receivables Total	Designation of PAA PA

21 217 636	10,376	\$3,528,012	
FIXED ASSETS	Lease-Purchase Agreements	TOTAL FIXED ASSETS	

¹ The data in this statement is that most recently available from the State Controller for the year ended June 30, 1982, and may be subject to change.

² Chapter 115, Statutes of 1982 suspended employer contributions to the Public Employees' Retirement System. This action is currently under litigation but the Governor's Budget presentation is based on the assumption that the legislation will be upheld by the courts. Schedule 1 shows the adjustments to arrive at the budgeted reserve for economic uncertanties, which is \$58.636 million.

Net Total Long-Term Obligations

General obligation bonds
Less: self-liquidating bonds
Net general bonded debt .
Interest payable in future years.

\$6,332,763 -3,716,563 \$2,616,200 983,086 \$3,599,286

\$3,599,286

LONG-TERM OBLIGATIONS
Amount table provided from future revenue and school districts for retirement of long-term obligations

TOTAL STATE SPENDING PLAN

Schedule 1-C is included for informational purposes to show in one place the State's total spending plan. It provides a means of comparing the total State resources used on a year-to-year basis. In addition to the General Fund, Special Funds and Selected Bond Funds, Schedule 1-C shows expenditures from nongovernmental cost funds and Federal funds. The latter two groupings have not traditionally been included as part of State summary expenditures in Governors' budgets.

A basic premise in such a consolidation as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should

not be consolidated with other funds or types of funds.

The consolidation in Schedule 1-C presents some theoretical and practical problems. From a theoretical standpoint, it combines all funds and gives the illusion that spending occurs in the same manner regardless of fund. This is not the case: the General Fund, Special Funds and Bond Funds are accounted for on a modified accrual basis; the Public Service Enterprise Funds, Working Capital and Revolving Funds, Retirement Funds and Trust and Agency Funds are accounted for on an accrual basis; and the Health Care Deposit Fund and General Fund appropriations to Medi-Cal are accounted for on a cash basis.

This combination also may give the illusion that total State spending is authorized and controlled through the annual budget process. This is not

This combination also may give the illusion that total State spending is authorized and controlled through the annual budget process. This is not the case. Each fund is created for a specific purpose and its spending is dictated based on the provision of the Constitution or Statute under which it was created. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Many expenditures from funds are authorized by the Constitution or other statutes besides the Budget Act.

From a practical standpoint, Schedule 1-C is only an approximation. For example, it includes some duplicate amounts and does not include reimbursements. Some duplications are spending from the Department of General Services' Service Revolving Fund, which are also included in spending of departments, and from Workers' Compensation, Unemployment Insurance and Nondisability Insurance Benefits, which have been previously collected from State agencies. Another duplication is the expenditure amounts from bond proceeds, which are included both when bond proceeds are spent and when debt service is paid.

Schedule 1-C does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures. Schedule 1-C displays funds in terms of traditional fund classifications. Schedule 1-D shows how traditional fund classifications relate to the classifications based on Generally Accepted Accounting principles.

Schedule 1-C **Total State Spending Plan** Governmental Cost, Nongovernmental Cost and Federal Funds (In thousands)

•	•		
Funds	1981-82*	1982-83*	1983-84*
Governmental Cost Funds: General FundSpecial Funds	\$21,692,782 3,098,557	\$22,056,930 3,553,795	\$21,676,965 3,475,693
Totals, Governmental Cost Funds	\$24,791,339 230,225	\$25,610,725 579,814	\$25,152,658 585,447
Totals, Governmental Cost Funds and Selected Bond Funds Federal Funds Nongovernmental Cost Funds:	\$25,021,564 \$10,863,203	\$26,190,539 \$11,850,946	\$25,738,105 \$11,065,715
Public Service Enterprise Funds	\$2,353,076 298,420 194,854	\$2,576,846 359,405 208,829	\$3,036,872 381,667 202,411
Retirement Funds Other Nongovernmental Cost Funds	1,902,587 1,823,337	2,135,662 1,979,312	2,310,577 2,301,273
Totals, Nongovernmental Cost Funds	\$6,572,274	\$7,260,054	\$8,232,800
TOTALS, SPENDING, ALL FUNDS	\$42,457,041	\$45,301,539	\$45,036,620
Less Nongovernmental Cost Funds	-6,572,274	-7,260,054	-8,232,800
NET TOTALS, SPENDING, ALL FUNDS	\$35,884,767	\$38,041,485	\$36,803,820

Does not include \$179,490 for Federal Revenue Sharing for past year only.

The following provides supplemental detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

12.	_ 40	ı			1-1
(11	1	no	us	an	ds)

(1	•,		
Funds	1981-82*	1982-83*	1983-84*
PUBLIC SERVICE ENTERPRISE FUNDS:			
Water Resources Development Bond Fund	\$172,877	\$168,337	\$254,012
Central Valley Water Project Const Fund	188,885	267.528	507,144
Central Valley Water Project Revenue Fund	29,313	39,427	40,177
Compensation Insurance Fund	355,376	308,500	324,000
Harbors and Watercraft Revolving Fund	21,890	24,833	26,885
Univ & College Cont Educ Revenue Fund, St.	24,648	21,691	37,803
	809,665		926.698
Unemployment Compensation Disability Fund		891,560	
Veterans Farm & Home Building Fund 1943	704,842	805,514	859,040
Others	45,580	49,456	61,113
Totals, Public Service Enterprise Funds	\$2,353,076	\$2,576,846	\$3,036,872
WORKING CAPITAL AND REVOLVING FUNDS:			
Architecture Revolving Fund	\$9,732	\$9,582	\$10,134
Correctional Industries Revolving Fund	28,381	39,707	-
Health and Welfare Agency Data Cent Rev Fund	16,059	21,752	24,164
Service Revolving Fund	190,567	213,545	227,574
Stephen P. Teale Data Center Rev Fund	29,431	35,415	37,822
Others	24,250	39,404	81,973
Totals, Working Capital and Revolving Funds	\$298,420	\$359,405	\$381,667
POLIT FIRMS OFFICE			
BOND FUNDS—OTHER:			
Public School Building Loan Fund	\$3,641	\$4,554	\$3,257
School Building Aid Fund, State	191,213	204,153	198,996
Others	-	122	158
Totals, Bond Funds-Other	\$194,854	\$208,829	\$202,411
RETIREMENT FUNDS:			
	F22 792	F2 F 2 F0	£27.201
Judges' Retirement Fund	\$23,782	\$25,259	\$27,391
Legislators' Retirement Fund	2,868	3,141	3,454
Public Employees' Retirement Fund	1,077,749	1,261,524	1,368,508
Teachers' Retirement Fund	798,188	845,738	911,224
Totals, Retirement Funds	\$1,902,587	\$2,135,662	\$2,310,577
OTHER NONGOVERNMENTAL COST FUNDS:			
County Funds	_	\$375	\$218
University Funds	\$1,386,925	1.511.321	1.641.449
Others	436,412	467,616	659,606
Totals, Other Nongovernmental Cost Funds	\$1,823,337	\$1,979,312	\$2,301,273

ADOPTION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

With the implementation of the California Fiscal Information System (CFIS), the State of California is committed to the adoption of Generally Accepted Accounting Principles (GAAP). The National Council on Governmental Accounting (NCGA), the Financial Accounting Standards Board and the Council of State Governments are all active in defining GAAP and recommend that state governments adhere to the principles they set forth. The California Fiscal Advisory Board has approved conformance with GAAP as set forth by the NCGA in California beginning in 1981–82 with the following exceptions:

1. General Fund transfers to other funds will continue to be shown as expenditures of the General Fund.
2. Reimbursements will continue to include monies that come from non-State sources, such as from local government or the private sector.

The Health Care Deposit Fund will continue to be accounted on a cash basis.

3. The Health Care Deposit Fund will continue to be accounted on a cash basis.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of governmental organizations—regardless of jurisdictional legal provisions and customs.

This standardization assures that financial reports of all State and local governments contain the same types of financial statements and disclosures for the same categories and types of funds and account groups, based on the same measurement and classification criteria. It also allows the users of governmental fiscal reports to gain a better understanding of the government's financial condition and facilitates the comparison of operations from year to year within each fund, as well as with the operations of other funds or governmental organizations.

Another important aspect of GAAP as applied to governments is recognition of the variety of legal and contractual considerations typical of the government environment. These considerations underlie and are reflected in the fund structure, basis of accounting, and other principles.

Governmental accounting systems designed in conformity with these principles can readily satisfy most management control and accountability

information needs with respect to both GAAP and legal compliance reporting.

Along with other changes in fiscal reporting being implemented by CFIS, some of California's governmental cost funds and many nongovernmental cost funds will be reclassified to conform with GAAP. Schedule 1-D, based on an assessment of GAAP classifications and using 1983-84 budget totals, shows how California's current fund classifications will translate into GAAP classifications.

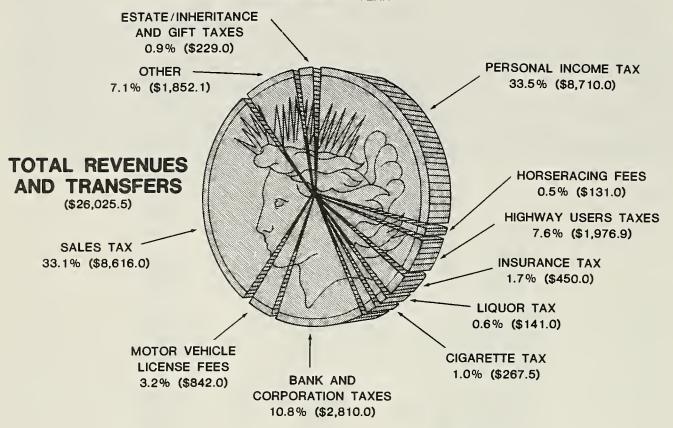
SCHEDULE 1-D GENERALLY ACCEPTED ACCOUNTING PRINCIPLES COMPARISON OF CALIFORNIA CURRENT FUND STRUCTURE AND RECOMMENDED FUND STRUCTURE USING 1983-84 BUDGET TOTALS (In Thousands)

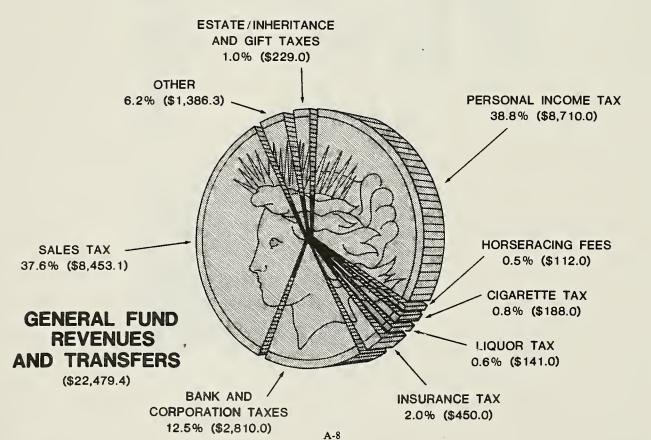
			Totals	\$21,676,965 171,841 2,627,180	596,672	\$25,152,658 \$585,447	\$25,738,105	\$3,036,872 381,667 202,411	\$2,310,577	11,065,715 2,120,037	\$19,298,515	\$45,036,620 \$40,885,304
			Unclassified	111		1 1	1	111	1 1	\$2,031,279 2,120,037	\$4,151,316	\$4,151,316
7	runas /	Trust and Agency	Funds	\$32,035 1,080,105	24,796	\$1,216,936	\$1,324,433	\$928,095 2,532 202,253	170,165	4,405,112	\$5,708,157	\$7,032,590 \$7,032,590
ICA TIONS	riduciary runds	Retirement	Funds	1 1 1	1 1		1	111	\$2,310,577	1 1	\$2,310,577	\$2,310,577 \$2,310,577
A CLASSIF	' runds	Internal Service	Funds	\$6,246	1 1	\$6,246	\$6,246	\$360,418	1.1	1 1	\$360,418	\$366,664 \$366,664
SED ON NCG	Proprietary Funds	Enterprise	Funds	1 1 1	1 1	1 1	ı	\$2,108,777	11,071	1 1	\$2,119,848	\$2,119,848 \$2,119,848
FUND STRUCTURE BASED ON NCGA CLASSIFICATIONS		Total Govern- mental	Funds	\$21,676,965 133,560 1,547,075	571,876	\$23,929,476 \$477,950	\$24,407,426	\$18,717	1 1	4,629,324	\$4,648,199	\$29,055,625 \$29,055,625
FUND STR	al Funds	Capital Projects	Funds	1 1 1	\$61,535	\$61,535	\$539,485	\$10,134 158	1.1	1 1	\$10,292	\$549,777 \$549,777
	Governmental Funds	Special	Funds	\$133,560 1,547,075	510,341	\$2,190,976	\$2,190,976	\$8,583	li	4,629,324	\$4,637,907	\$6,828,883
		General	Fund	\$21,676,965	1 1	\$21,676,965	\$21,676,965	1 1 1	1 [1 1	1	\$21,676,965 \$21,676,965
			CURRENT FUND STRUCTURE	Governmental Cost Funds General Fund	Feeder Funds	Total Governmental Cost Funds	Total Governmental Cost Funds and Selected Bond Funds	Nongovernmental Cost Funds Public Service Enterprise Funds Working Capital and Revolving Funds Bond Funds—Other	Trust and Agency Funds: Retirement Funds	Trust and Agency Funds—Federal Other Nongovernmental Cost Funds	Total Nongovernmental Cost Funds	TOTAL SPENDING, ALL FUNDS

CHART 1

REVENUE DOLLARS

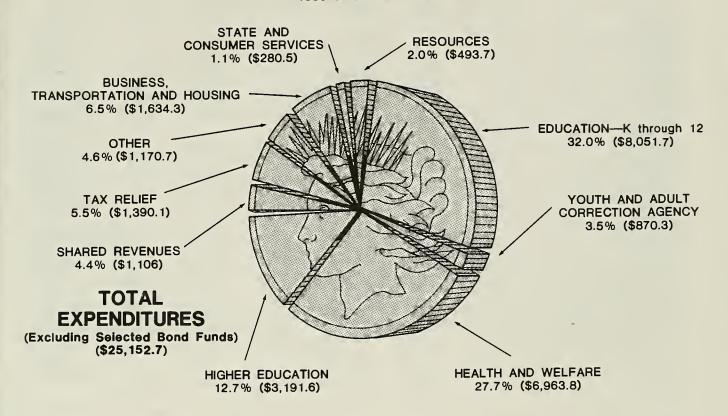
(AMOUNTS IN MILLIONS) 1983-84 FISCAL YEAR





BUDGET EXPENDITURE DOLLARS

(AMOUNTS IN MILLIONS) 1983-84 FISCAL YEAR



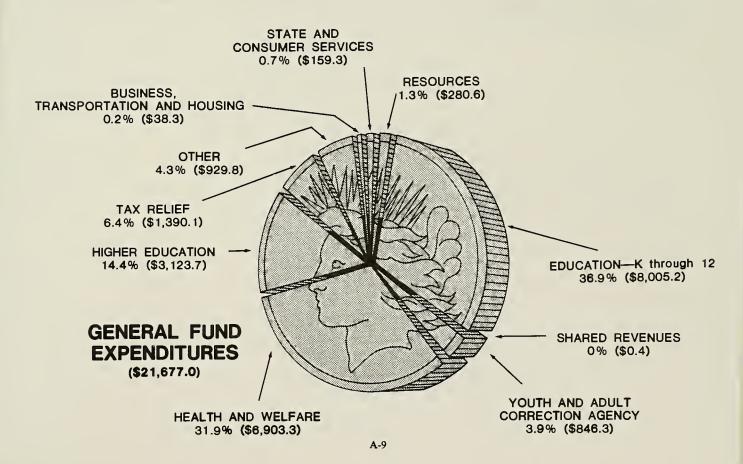


TABLE 1

PERSONNEL YEARS AND SALARY COST ESTIMATES (Excludes Staff Benefits)

	1981-82	Fiscal Year	1982-8.	1982-83 Fiscal Year		Fiscal Year
	Personnel	Net salaries	Personnel	Net salaries	Personnel	Net salaries
	years	and wages	years	and wages	years	and wages
FUNCTION						
Legislative/Judicial/Executive:						
Legislative	351.1	\$9,921,642	399.5	\$10,359,553	399.5	\$10,501,591
Judicial	1,090.1	48,188,000	1,192.5	54,518,184	1,301.5	56,692,096
Executive	7,977.1	182,079,110	8,149.3	184,432,703	7,968.7	184,030,393
State and Consumer Services	11,325.3	227,140,096	11,996.6	239,150,592	12,175.5	246,004,233
Business, Transportation and Housing	31,859.4	730,383,217	32,968.4	746,121,289	33,530.3	763,834,046
Resources	14,373.0	323,465,505	14,565.9	330,934,544	14,056.6	325,302,853
Health and Welfare	41,589.7	864,394,070	42,930.5	894,608,575	40,764.3	860,447,179
Youth and Adult Correctional	13,934.6	354,209,764	15,974.6	377,261,003	15,853.0	397,489,576
Adjustment—Corrections/Youth Authority!	-	-	-	-	1,200.0	21,800,000
Education:						
Education	2,796.1	64,517,835	2,941.1	66,442,437	2,851.6	65,626,251
Higher Education	93,988.5	2,262,004,630	92,971.7	2,354,837,398	93,334.1	2,391,532,620
General Government:						
General Administration	9,528.5	216,057,429	9,296.6	216,448,329	8,935.4	211,446,332
Unallocated salary increase						337,283,000
NET TOTALS	228,813.4	\$5,282,361,298	233,386.7	\$5,475,114,607	232,370.5	\$5,871,990,170
POSITION CLASSIFICATION						
Constitutional officers	127.0	\$3,633,200	127.0	\$3,633,200	127.0	\$3,633,200
Statutory	262.5	14,464,547	300.0	17,617,131	300.0	17,629,467
Civil service	132,502.9	2,928,152,132	137,928.9	3,018,248,276	135,416.4	3,019,300,166
Adjustment—Corrections/Youth Authority!.	-	-	_	-	1,200.0	21,800,000
Superior Court judges—part salary	628.0	31,450,000	642.0	34,814,000	657.0	34,834,000
Exempt—Other	1,789.0	53,422,545	1,912.6	56,978,782	1,835.6	57,158,424
Exempt—Higher Education:						
University of California	56,402.0	1,308,431,000	55,605.0	1,377,401,000	55,857.0	1,395,743,000
Auxiliary facilities—University of California	3,049.0	151,448,000	2,954.0	144,401,000	2,954.0	157,301,000
Hastings College of Law	214.8	5,660,874	223.5	5,806,218	223.5	5,905,913
State University and Colleges	31,994.0	750,790,000	31,943.5	781,866,000	31,959.4	786,653,000
Auxiliary State University and College Facili-						
ties	1,844.2	34,909,000	1,750.2	34,349,000	1,840.6	34,749,000
Unallocated salary increase	-	-	_	-	-	337,283,000
NET TOTALS	228,813.4	\$5,282,361,298	233,386.7	\$5,475,114,607	232,370.5	\$5,871,990,170

This adjustment reflects approximately 1,200 personnel years for 1983-84 due to the fact of budgeting per capita costs rather than specific costs for some 7,000 projected wards and inmates.

TABLE 1A

POSITIONS AND SALARY COST ESTIMATES (Excludes Staff Benefits)

	1981-82 Fiscal Year		1982-83 Fiscal Year		1983-84	Fiscal Year
	Actual	Total Salaries	Estimated	Total Salaries	Proposed	Total Salaries
Function	Positions 2	and Wages	Positions 2	and Wages	Positions 2	and Wages
Legislative/Judicial/Executive:	261.1	fo 001 (10	400.0	#10.450.550	400.0	
Legislative	351.1	\$9,921,642	400.8	\$10,459,553	400.8	\$10,603,591
Judicial Executive	1,090.1 7,977.1	48,188,000 182,079,110	1,230.0 8,566.5	55,530,184 194,675,703	1,322.0 8,290.2	57,424,096 192,589,393
Executive	1,511.1	102,079,110	6,500.5	134,073,703	6,290.2	172,307,373
State and Consumer Services	11,325.3	227,140,096	12,473.6	248,332,592	12,658.4	255,045,233
Business, Transportation and Housing	31,859.4	730,383,217	34,066.7	773,589,289	34,667.8	792,279,046
Resources	14,373.0	323,465,505	15,075.4	343,009,544	14,600.7	337,397,853
Health and Welfare	41,589.7	864,394,070	45,153.2	940,740,575	42,973.9	906,813,179
Youth and Adult Correctional	13,934.6	354,209,764	16,364.6	386,407,003	16,291.2	408,152,576
Adjustments Corrections/Youth Authority 1	-	· -	· -	· · · -	1,200.0	21,800,000
Education:						
Education	2,796.1	64,517,835	3,017.0	69,244,437	2,924.2	68,170,251
Higher Education	93,988.5	2,262,004,630	93,944.0	2,383,475,398	94,308.1	2,435,672,620
General Government: General Administration	9,528.5	216,057,429	9,855.0	229,916,329	9,477.5	225 107 222
Unallocated Salary Increase	9,320.3	210,037,429	9,633.0	229,910,329	3,477.3	225,187,332 337,283,000
Chanceacci Salary Increase						337,263,000
Totals	228,813.4	\$5,282,361,298	240,146.8	\$5,635,380,607	239,114.8	\$6,048,418,170
Less Statewide Salary Savings		-	-6,760.1	-160,266,000	-6,744.3	-176,428,000
NET TOTALS	228,813.4	\$5,282,361,298	233,386.7	\$5,475,114,607	232,370.5	\$5,871,990,170

¹ This adjustment reflects approximately 1,200 personnel years for 1983-84 due to the fact of budgeting per capita costs rather than specific costs for some 7,000 projected wards and inmates.

² As shown in departmental budgets as "Totals, Salaries and Wages."

TABLE 2 SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

					Ехрепо	ditures		itures per pita	Expendit 10	10 î
			Population	Personal	General	T . 11			of Persona	d Income
V	Population \((thousands)\)	F	Per	Income (millions)	Fund² (thousands)	Total ³	General Fund ¹	Total ³	General Fund ²	Total ³
Year		Employees	Employee	,	,	(thousands)				
1950–51	10,887	61,000	178.5	\$21,436	\$587,081	\$1,006,339	\$53.92	\$92.43	\$2.74	\$4.69
1951–52	11,384	63,860	178.3	23,884	635,467	1,068,072	55.82	93.82	2.66	4.47
1952–53 1953–54	11,870 12,309	65,720 69,928	180.6 176.0	26,365 27,189	713,764 808,692	1,176,719 1,381,400	60.13 65.70	99.13 112.23	2.71 2.97	4.46 5.08
1955-54	12,309	09,928	170.0	27,109	000,092	1,361,400	05.70	112.23	2.91	5.08
1954–55	12,761	74,099	172.2	28,852	852,017	1,422,452	66.77	111.47	2.95	4.93
1955–56	13,293	77,676	171.1	31,908	922,566	1,532,811	69.40	115.31	2.89	4.80
1956–57	13,879	88,299	157.2	34,485	1,029,812	1,732,467	74.20	124.83	2.99	5.02
1957-58	14,459	98,015	147.5	36,189	1,146,531	1,938,845	79.30	134.09	3.17	5.36
1958–59	15,015	101,982	147.2	38,938	1,245,929	2,066,187	82.98	137.61	3.20	5.31
1050 (0	15.55	100 403		40.151	1 424 006	0.140.276	00.10	125 41	2.40	5.00
1959–60	15,576	108,423	143.7	42,151	1,434,806	2,140,376	92.12	137.41	3.40	5.08
1960–61	16,112	115,737 122,339	139.2	44,077 47,110	1,678,081	2,525,394	104.15	156.74	3.81	5.73
1961–62	16,633 17,214	122,339	136.0 133.5	50,413	1,697,434 1,881,134	2,487,813 2,808,381	102.05 109.28	149.57 163.15	3.60 3.73	5.28 5.57
1962–63 1963–64	17,214	134,721	131.9	54,159	2,064,120	3,182,262	116.15	179.07	3.73	5.88
1903-04	17,771	134,721	131.9	34,139	2,004,120	3,182,202	110.13	179.07	3.81	2.88
1964–65	18,258	143,896	126.9	57,707	2,344,842	3,651,945	128.43	200.02	4.06	6.33
1965–66	18,672	151,199	123.5	62,434	2,579,618	4,058,635	138.15	217.36	4.13	6.50
1966–67	19,044	158,404	120.2	67,260	3,017,197	4,658,899	158.43	244.64	4.49	6.93
1967–68	19,374	162,677	119.1	72,525	3,272,809	5,014,170	168.93	258.81	4.51	6.91
1968–69	19,667	171,655	114.6	80,227	3,908,783	5,672,852	198.75	288.45	4.87	7.07
10/0 70	10.006	170 503	1100	07.530	4.456.000	(201 772	222.07	21674	5.00	7.00
1969–70	19,896	179,583	110.8	87,530	4,456,082	6,301,772	223.97	316.74	5.09	7.20
1970–71	20,204	181,581	111.3 112.5	92,785	4,853,860	6,556,325	240.24	324.51	5.23 5.03	7.07
1971–72 1972–73	20,474 20,734	181,912 188,460	112.3	99,954 109,190	5,027,275 5,615,684	6,683,742 7,421,705	245.54 270.84	326.45 357.95	5.14	6.69 6.80
1973–74	21,023	192,918	10.0	120,773	7,299,436	9,311,265	347.21	442.91	6.04	7.71
1975-74	21,023	192,910	109.0	120,773	1,233,430	9,311,203	347.21	442.71	0.04	7.71
1974–75	21,361	203,548	104.9	134,357	8,348,642	10,276,490	390.84	481.09	6.21	7.65
1975–76	21,742	206,361	105.4	148,640	9,518,436	11,452,454	437.79	526.74	6.40	7.70
1976–77	22,147	213,795	103.6	165,780	10,467,097	12,631,717	472.62	570.36	6.31	7.62
1977–78	22,600	221,251	102.1	187,848	11,685,643	14,003,309	517.06	619.62	6.22	7.45
1070 70	22.040	210 520	105.5	214.056	16050554	10.744.067	705.05	012.07	7.50	0.76
1978–79	23,049	218,530	105.5	214,056	16,250,774	18,744,967	705.05	813.27	7.59	8.76
1978–79 *	_	-	-	_	11,891,774	14,385,967	515.93	624.15	5.56	6.72
1979-80	23,534	220,193	106.9	243,242	18,534,148	21,487,539	787.55	913.04	7.62	8.83
1979–80 4	-5,55		-	,	13,654,148	16,607,539	580.19	705.68	5.61	6.83
					,	,,				
1980–81	23,993	225,567	106.4	273,198	21,104,852	24,511,148	879.63	1,021.60	7.72	8.97
1980–81 4	-	-	-	-	15,582,852	18,989,148	649.47	791.45	5.70	6.95
1001 00	24.422	200.012	106.6	201.250	21 (02 702	25.001.574	222.21		7.00	0.21
1981–82	24,423	228,813	106.6	301,250	21,692,782	25,021,564	888.21	1,024.51	7.20	8.31
1981–82 4	_	-	-	_	15,809,782	19,138,564	647.33	783.63	5.25	6.35
1982–83	24,846	233,387	107.4	323,451	22,056,930	26,190,539	887.75	1,054.11	6.82	8.10
1982-83 4	_		-	_	16,335,930	20,469,539	657.49	823.86	5.05	6.33
					,	-,,-				
1983–84	25,263	232,370	-	352,946	21,676,965	25,738,105	858.05	1,018.81	6.14	7.29
1983–84 4	-	-	-	-	15,851,965	19,913,105	627.48	788.23	4.49	5.64

Population as of January 1, the midpoint of the fiscal year.

Excludes Special Accounts in General Fund beginning 1976-77.

Expenditures include payments from General Fund, Special Funds and Selected Bond Funds (beginning in 1957-58).

Excludes Local Government Fiscal Relief.



Legislative, Judicial, and Executive

CURRENT FISCAL CRISIS



State and Consumer Services



Business, Transportation and Housing



Resources



Health and Welfare



Youth and Adult Correctional



Education



General Government

The State of California is spending more money than it is receiving. The absence of a State surplus to cover the overexpenditures has put the State in a fiscally unsound condition. Consequently, steps must be taken to balance the budget if we are to retain California's historic fiscal integrity. This section of the Governor's Budget reviews the background of the problem, highlights its magnitude, and proposes a plan to restore fiscal responsibility to California.

BACKGROUND OF THE PROBLEM

When enacted, the 1982-83 budget appeared not only to be balanced but to contain a projected reserve of \$464 million as of June 30, 1983. It soon became obvious, however, that the budget was not balanced and that expenditures could not be supported by available revenues.

The immediate causes of the failure of the 1982–83 budget were:

- Revenues were based on an economic upturn that failed to materialize, resulting in an estimated revenue shortfall of over \$1.4 billion dollars.
- Expenditures have failed to stay within the limits contained in the budget, resulting in overexpenditures of approximately \$500 million (including additional financial legislation).

Underlying the immediate causes of the current year fiscal crisis is the 1978 decision to mitigate the impact of Proposition 13 by using State resources to assist local government in maintaining established spending patterns. This decision was made when the State had a budget surplus of almost four billion dollars. This surplus was due to unprecedented revenue growth for the period 1974–75 through 1977–78.

By drawing on the surplus, the State was able to provide \$4.4 billion in local government fiscal relief thereby reducing the average local revenue loss to approximately 10 percent. By 1982–83, the fiscal relief program had increased to \$5.7 billion. This local "bailout" has been achieved without major reductions in state programs. In

fact, new programs with a cost in excess of \$1 billion have been enacted in addition to the bail-out program. As a result, each year since 1977–78 the State has been in a deficit spending position and has relied on the availability of the surplus to balance the budget.

The State's spending pattern might not have caused serious problems had revenues continued to grow at the 1974–75 to 1978–79 level. A combination of tax reductions and slower economic growth in the last four years, however, meant that the State's surplus was gradually depleted and it could no longer afford to enact budgets which were, in fact, unbalanced. The magnitude of the current decline in revenues is exemplified by the fact that taxable sales in calendar 1982 are estimated to show the first decline in almost a quarter of a century. Overall collections from Genral Fund revenue sources (excluding transfers) are expected to increase by less than 1 percent in 1982–83.

With the hope that the slower revenue growth was of a limited nature, prior budgets were balanced by a series of fiscal adjustments involving acceleration of revenue collections, one-time transfers, and expenditure of the surplus.

These short-term solutions to spending pressures in the aggregate totalled over \$6 billion and until the current year effectively deferred resolution of the basic gap between expenditures and revenues. The table below summarizes the major balancing measures:

METHODS USED TO BALANCE STATE BUDGET SINCE PROPOSITION 13 (In millions)

•	Expenditui of Surplus	re Revenue Accelerations	One-time Transfers	Total Deficit Financing
1978-79	\$848	_	_	\$848
1979-80	327	_	_	327
1980-81	2,082	_	\$100	2,182
1981-82	621	\$343	815	1,779
1982-83 a		458	556	1,014
Total	\$3,878	\$801	\$1,471	\$6,150

a Includes only currently approved legislation.

THE EXTENT OF THE PROBLEM

When the 1982-83 budget was enacted, it was estimated that a \$464 million reserve would be available at the end of the current fiscal year. Based on the most recent estimates of revenues and expenditures, and unless corrective action is taken, the budget for the 1982-83 fiscal year is out of balance by approximately \$1.5 billion.

CASH MANAGEMENT CRISIS

The current budget problems have a direct impact on the State's cash management. When cash outlay exceeds revenue receipts, the General Fund must borrow to meet cash obligations.

Interest-free General Fund loans are initially made from the Reserve for Economic Uncertainties and then from certain special funds as authorized by statute. When cash demands exceed the interest-free borrowable resources, the General Fund borrows from funds that require the payment of interest. When all these internal borrowing resources are depleted, which amount to approximately \$2.1 billion, the General Fund must turn to external sources, that is, to private financial institutions to obtain funds. Due to the significant shortfalls in revenues and unanticipated increases in expenditures, the General Fund is required to borrow from both internal and external sources in order to meet cash demands.

Through October 1982, the cash flow shortages were funded using only internal borrowing resources. With the exception of the current fiscal year, external borrowing resources were used only two times in the State's history: the depression in the early thirties and again in 1971 when revenue notes were sold. In November of 1982, the sale to external sources of \$400 million in registered reimbursable warrants was necessary to enable the State to pay its bills. This did not solve the State's cash crisis but merely post-

poned the day of reckoning. The State will again be faced with an inability to pay its bills in February 1983. Even a very significant upturn in the economy before February will not produce sufficient funds to solve the cash problems.

Without significant action to deal with the cash flow and budget problems, it may not be possible to obtain any funds from the external marketplace. If this happens, the State will have to register individual warrants which may be discounted by the financial community. Failure to show positive steps to solve this crisis will

result in an erosion of the State's credit rating that could impair the interest cost the State would pay for many years. In fact, the State may not be able to sell bonds, such as Prison Bonds, Veterans' Bonds, and School Bonds.

Table P1 shows the General Fund borrowing requirements including external borrowing assuming no Legislative action to eliminate the current year deficit. Table P2 shows General Fund borrowing requirements assuming the Phase I Proposal would reduce the deficit by \$750 million.

TABLE P-1
GENERAL FUND BORROWING WITHOUT LEGISLATIVE ACTION
(DOLLARS IN BILLIONS)

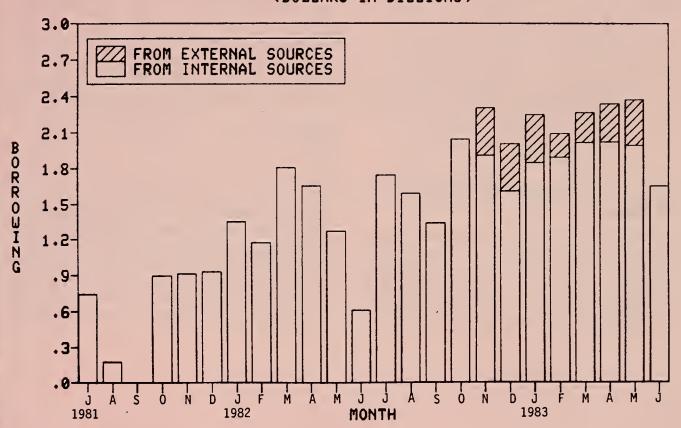
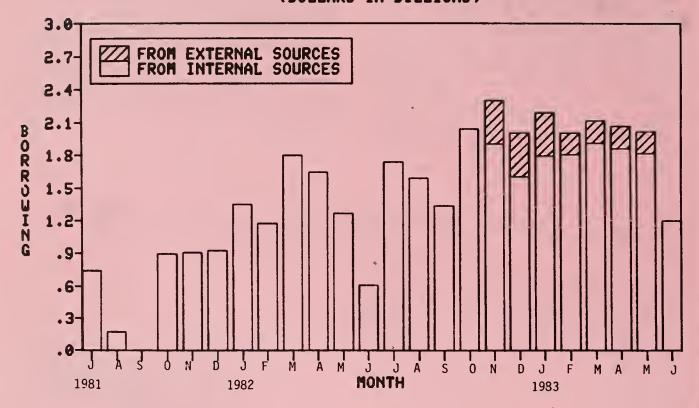


TABLE P-2
GENERAL FUND BORROWING
PHASE 1 PROPOSAL
(DOLLARS IN BILLIONS)



A PLAN TO RESOLVE THE CURRENT YEAR PROBLEM

In November of 1982, this Administration assumed the responsibility for developing a balanced 1983-84 budget pursuant to Article IV, Section 12 of the Constitution. This task was accomplished in the face of an unrelenting reality: the budget had to be "cost-contained" rely-

ing solely on revenues estimated to be received during 1983-84 since no surplus remained as a cushion for the expenditure plan. Moreover, in developing the expenditure plan, the Administration's commitment to avoid tax increases has been honored. Within these constraints, a 1983-84 budget has been prepared which not only is balanced but also provides a reserve for econom-

ic uncertainties of \$650 million or 3 percent of expenditures and a reserve of \$150 million for

future legislation.

The 1983-84 budget was also prepared on the belief that the gap between the current year expenditure plan and 1982-83 revenues would be resolved during the Special Session before the time this budget was submitted. Unfortunately, that goal was not met. As a result, this Administration must and will meet its responsibilities by proposing a plan to the Legislature for resolving this fiscal crisis. In developing this plan, however, it has become evident that the 1982-83 deficit problem cannot be solved solely by reducing government expenditures during the current year. There are only six months left of the fiscal year in which to effect economies.

One available option was to propose that taxes be increased to generate additional revenues which could be used to reduce or eliminate the deficit. This option was rejected because this Administration believes that a tax increase at this time is contrary to the desire of the people of California and because this problem can be solved without a tax increase.

The approach chosen is based upon the fact that the 1982–83 deficit can be partially reduced by appropriate actions during the six months remaining in the fiscal year and that the proposed 1983–84 budget contains funds sufficient to pay off the remaining portion of any 1982–83 deficit. This concept has been reviewed by the Attorney General who has concurred that this approach is consistent with the constitution

and statutory laws of California.

The plan involves two phases. In phase one, the Administration will work with the Legislature to reduce the 1982–83 deficit by \$750 million. A proposed method of achieving this reduction is outlined below.

Phase No. 1—(Current Year)

Options to offset the 1982-83 deficit are:

	(Dollars in Millions)*
1. Freeze expenditures in the following areas and apply s	av-
ings toward reducing the deficit:	
a. 2 percent unallotment (State Operations)	
b. Defer further capital outlay for the current year	
c. Defer school maintenance one year	
d. Substitute bond funds for school Tidelands constr	
tion funds	
e. Defer the State's contribution to addressing the St	
Teachers' Retirement unfunded liability for	
mos	118
Subtotal	\$393
2. Transfers to the General Fund from the following fur	ids:
a. Renewable Resources Investment Fund	
b. Emergency Telephone Number Account	
c. Special Account for Capital Outlay (Corrections)	
d. Toll Bridge Authority	
e. Surface Mining and Reclamation Account	
f. Transportation Planning and Development Accou	
g. Ride Sharing and Alternative Transportation Fun	
Subtotal	\$95
3. Reduction in selected General Fund programs:	
a. Health and Welfare-various program reductions	
 b. Education—reduction to offset unanticipated decree 	
in PERS contribution and miscellaneous adju-	ıst-
ments	75
c. General Government—various program reduction	
d. Reduction in Local Government Fiscal Relief	108
Subtotal	\$262
TOTAL POSSIBLE OPTIONS	\$750

Subject to change dependent upon the current level of legal obligations committed.

In preparation of the second phase, the Administration will monitor the status of the deficit during the next several months. During the May Revision a reassessment of the amount of the 1982-83 deficit remaining on June 30, 1983 will be estimated and the 1983-84 budget bill will be proposed for amendment to include an item appropriating funds to pay it off.

There are several areas in the 1983-84 budget from which these funds can be redirected. The potential sources of funds to be redirected are

outlined on the following page.

Phase No 2 - (Rudget Vegel)

rnase ino. 2 (buaget rear)	
	(Dollars Millions
1. Reserve for Economic Uncertainties	. \$650
The 1983-84 budget contains a 3 percent reserve for eco-	-
nomic uncertainties. All or part of this reserve could	i
be used to finance the deficit.	
2. Cost-of-Living Adjustment (COLA)	. 926
The 1983-84 budget proposes COLAs totaling \$926 mil	-
lion. These proposals include a 6 percent COLA for	
K-12 education and 5 percent COLA for State em	-
ployees. Other COLAs proposed are generally at 3	3
percent. All or part of the COLAs could be reduced	i
to finance the deficit.	

3.	Capital Outlay	133
	The 1983-84 budget proposes \$133 million for capital	
	outlay. All or part of these projects could be deferred	
	to next year and the funds dedicated to them used to	
	finance the deficit.	
4.	Reserve for Financial Legislation	150
	The 1983-84 budget contains a \$150 million reserve for	
	financial legislation enacted after the budget is adopt-	
	ed. All or part of this reserve could be used to finance	
	the deficit.	
5.	Local Government Fiscal Relief	100
	The 1983-84 budget proposes \$5.8 billion in local govern-	
	ment fiscal relief. A reduction of \$100 million could	
	be made to help reduce the deficit.	
6.	Second Year Savings from Phase 1 Reductions	60

CONCLUSION

Despite the seriousness of the current fiscal situation, California can return to fiscal responsibility without increasing taxes. This can be done while still maintaining and even improving important government services and programs.



Legislative, Judicial, and Executive



State and Consumer Services



Business, Transportation and Housing



Resources



Health and Welfare



Youth and Adult Correctional



Education



General Government

Special Presentations

The most significant proposals and issues in this Governor's Budget are listed here and are presented on the following yellow colored pages:

EDUCATION

K - 12

Serrano Compliance
State Educational Block Grant
Higher Education
Community Colleges

Community Colleges California State University University of California

PUBLIC SAFETY

Drug Abuse
Crime Prevention
Corrections
Capacity
Work Program
Juvenile Justice Programs
County Justice Subvention System
Youth Service Bureaus
Peace Officer Training
California Highway Patrol

COST/BENEFIT ADJUSTMENTS

Executive Office of the Governor
California Waste Management Board
Agricultural Labor Relations Board
Public Utilities Commission
Department of Industrial Relations
Air Resources Board
Coastal Commission
Energy Commission
Arts Council
Housing and Community Development
Solarcal
California Conservation Corps
State Public Defender
Attorney Reductions

COST-OF-LIVING ADJUSTMENTS

• HEALTH AND WELFARE

Reforms
Welfare
Developmentally Disabled
Medi-Cal
Block Grants
Cost-of-Living Adjustments



Legislative, Judicial, and Executive



State and Consumer Services



Business, Transportation and Housing



Resources



Health and Wellare



Youth and Adult Correctional



Education



General Government

TRANSPORTATION

STATE CONSTRUCTION PROGRAM

Tidelands Revenue
Correctional Facilities
State Prisons
Local Jails
3rd Party Financing

• STATE AND LOCAL GOVERNMENT: A NEW PARTNERSHIP

Local Government Fiscal Relief One-time Reductions in Local Fiscal Relief Restructuring Local Assistance

OTHER SPECIAL PRESENTATIONS

Financial Legislation
Unfunded Financial Legislation
Future Financial Legislation
Proposed Legislation to Improve Cash Management
Reserve for Economic Uncertainties
Federal Programs
Federal Budget Changes
Federal Block Grants

Education

K-12 EDUCATION

The 1983-84 budget reflects the Administration's commitment to giving high priority to meeting the needs of educating our young people—even in this time of serious economic difficulty. Our economy has been moving rapidly into the new age of high technology and scientific advancement, a change that requires educational reforms.

As one reform, this budget proposes a State Educational Block Grant program, discussed below, designed to increase the time teachers spend on direct classroom instruction and to reduce the time spent on paperwork.

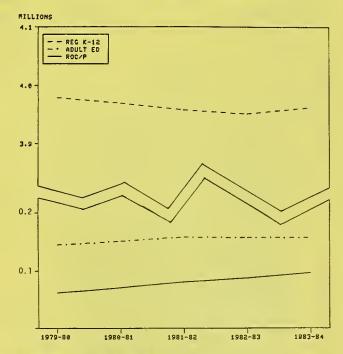
In addition, the budget proposes to bring 96 percent of the average daily attendance (ADA) into compliance with the Serrano v. Priest mandate thereby bringing the school finance system into substantial compliance with Serrano. This Administration, through a special advisor on education, will be working with the Superintendent of Public Instruction to develop other needed reforms in 1983–84 designed to prepare our elementary and secondary students to meet the challenges of the new age.

The high priority this Administration assigns to education is indicated by the increase proposed for K-12 education in the 1983-84 Governor's Budget. Despite the adverse fiscal situation, the budget proposes an increase of more than \$100 million in General Fund expenditures for K-12 education during 1983-84 bringing K-12 education's share of total General Fund expenditures to 36.9 percent.

The budget proposes \$543.9 million for cost-of-living (COLA) increases for K-12 education in 1983-84. This increase constitutes the largest single augmentation of General Fund expenditures proposed in the 1983-84 budget. Included within the total is \$447 million for a 6 percent COLA for general education programs. Many categorical programs would receive a 3 percent COLA under the proposed budget; some would receive the equivalent of an 10 percent COLA under the block grant proposal, discussed below.

In 1983-84, statewide ADA in kindergarten through twelfth grade is expected to increase by 10,800. This will be the first ADA increase in general programs the State has experienced since 1970-71. ADA increases also are expected for regional occupational programs and juvenile court classes in 1983-84. Overall, average daily attendance in K-12 districts and county offices of education is expected to increase by 20,800 between 1982-83 and 1983-84. A five-year history of the major ADA components is pictured in Figure 1.

FIGURE 1
K-12 AVERAGE DAILY ATTENDANCE



Serrano Compliance

For K-12, the Governor's Budget proposes an augmentation of \$34.7 million for districts whose per-pupil base revenue limits are substantially below-average. Under the proposal, districts whose per-pupil base revenue limits are more than \$20 below the average base revenue limit for districts of the same type (elementary, high school, unified; small, large) would receive enough additional state funds to raise their per-

pupil base revenue limits to within \$20 of the statewide average. This proposal would have an immediate impact on the State's compliance with the Serrano v. Priest mandate. This court ruling requires that wealth-related disparities between districts be reduced to less than \$100 per pupil.

Currently, 72 percent of the State's pupils attend classes in districts which have base revenue limits within \$100 of each other. Under the proposed budget, 96 percent of the State's pupils would attend classes in such districts, bringing the State into substantial compliance with Serrano during 1983–84. The impact on compliance by type of district is indicated in Table 1. The numbers in the table reflect the percentage of ADA in districts of the designated type whose per-pupil base revenue limits fall within \$100 of

each other. Figure 2 depicts the statewide impact of the proposed budget on the distribution of ADA among districts with specified base revenue limits. The figures in the table reflect the percentage districts of the designated type whose per-pupil base revenue limits fall within \$100 of each other.

TABLE 1
SERRANO EQUALIZATION PERCENTAGE

District Type a	1982-83	1983-84
Small Elementary	28	82
Large Elementary		95
Small High School		78
Large High School	42	91
Small Unified	50	82
Large Unified	79	97
All Districts	72	96

^{*}Small elementary districts are those with fewer than 101 ADA; small high school districts are those with fewer than 301 ADA; small unified districts are those with fewer than 1501 ADA. Large districts have the opposite characteristics.

FIGURE 2 MILLIONS TOTAL ADA WITHIN REVENUE RANGES 2.4 A 1983-84 1982-83 11 UE 2.0 R A G 1.6 D A I 1.2 A T . 8 Ε N D A .4 N C 1599-1600 1700 1800 1900 2000 2100 2200 2300 2400 2500 2600 27002800+

BASE REVENUE LIMIT PER ADA

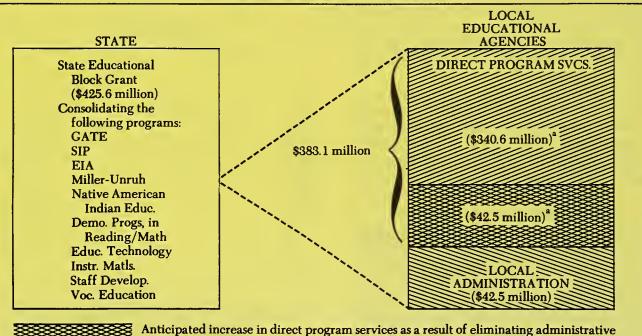
State Educational Block Grant

In order to maintain quality in K-12 education, the budget proposes a State Educational Block Grant program designed to return control of local educational programs to local school districts, increase the time teachers spend on direct classroom instruction, and reduce the time spent on paperwork. For too long, state government has been increasing its control and supervision over programs best operated at the local level. As a result, local authorities have been forced to expend more and more limited resources for compliance and reporting activities mandated by state laws and regulations. Compliance with these state requirements has resulted in fewer dollars being expended for direct program services.

Over the past decade, the State has established in the area of education numerous special categorical programs. Accompanying these special programs has been an array of reporting and administrative requirements imposed on local school districts in an attempt to guarantee program and fiscal accountability. These requirements have also resulted in an enormous administrative burden which has caused a shift of funds and teacher time away from direct classroom instruction to functions which contribute very little in addressing the educational needs of students.

In order to reverse this trend, a State Educational Block Grant program has been developed that will decrease state-mandated paperwork and increase the percentage of program funds expended for classroom instruction. It is estimated that the block grant proposal described below will allow local education agencies to redirect administrative savings of approximately \$21 million in 1983–84 and \$42.5 million each year thereafter. This is equivalent to a 10 percent increase in funds for teaching services in these programs.

FIGURE 3
STATE EDUCATIONAL BLOCK GRANT



requirements under the State Educational Block Grant.

^a Dollar estimates are based on the assumptions that 20 percent of the local assistance allocation is currently used for administration and that the State Educational Block Grant would allow a 50 percent reduction in administration (\$42.5 million over a two-year period). First year potential redirection is estimated to be approximately \$21 million.

The 1983–84 Governor's Budget proposes to consolidate ten categorical programs into a State Educational Block Grant (see "Traditional A pages" for additional detail). This proposal is intended to simplify and improve local implementation of the categorical programs. The 1983–84 Governor's Budget also reflects a \$3.9 million and 71.4 personnel year savings on the State level as a result of reduced administrative requirements.

Since this proposal requires substantive amendments to current statutes, the Governor's special advisor on education will work with the Superintendent of Public Instruction to develop a "State Educational Block Grant" plan of implementation. In addition to the necessary legislation, this plan will address the program's appropriate policies and goals.

HIGHER EDUCATION

California has one of the best systems of higher education in the nation and this administration is committed to maintaining the excellence of this system. However, given the critical shortfall in general revenues, the State is faced with the alternatives either of program reduction or obtaining additional revenues through fees. This administration has chosen increased fees as the preferable alternative.

The fee increases proposed in the budget will prevent erosion of the quality of education while still being less than the average fees of comparable institutions in the nation. Financial aid is proposed at CSU and UC for those students who cannot afford the increase in fees.

Community Colleges

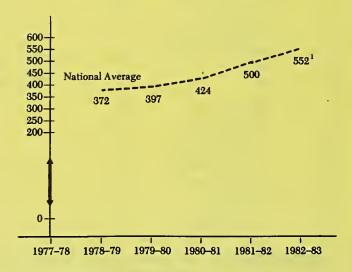
Present statutes governing community college finance (Chapters 103 and 1178, Statutes of 1981) expire on June 30, 1983, and new legislation must be enacted to govern financing for the 1983–84 fiscal year and beyond. In the absence of specific statutory guidance, the Governor's Budget carries the current year's funding level for community colleges forward into 1983–84, with two significant exceptions:

Fees

The 1983-84 budget proposes that a general mandatory fee be imposed on all community college students. Fee levels would be set at fifty dollars (\$50) per semester for those students taking 6 units or more and thirty dollars (\$30) per semester for those students taking less than 6 units. The fees collected at the local district level, after an allowance of approximately \$2.2 million for local administrative costs, will be treated as local revenue and will offset General Fund apportionments in the amount of approximately \$109.5 million. These fees will cost a student attending community college approximately 57¢ per class day.

Although this is the first time that the Governor's Budget has included a fee proposal for California Community College students, it should be noted that the nominal fee level which is being proposed is far less than the annual nationwide average fee of \$500 for comparable two year public institutions in other states during 1981–82. Figure 4 shows the annual nationwide average fee beginning with 1978–79:

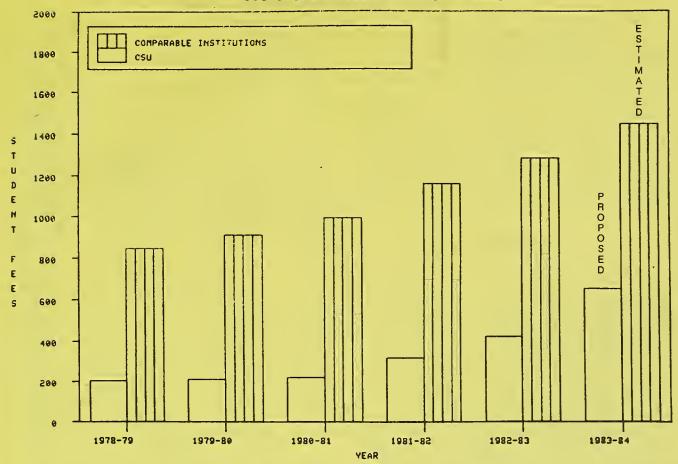
FIGURE 4
COMMUNITY COLLEGES
RESIDENT TUITION AND/OR REQUIRED FEES



^a Data from Washington State Council for Postsecondary Education.

¹ Based on 10.5 percent average increase over previous 3 years.

FIGURE 5
CSU STUDENT FEES v. NATIONAL FEES



The following data represent the 1981–82 annual charges for selected large states:

Connecticut	\$404
Florida	
Illinois	
Michigan	
New York	930
Ohio	
Pennsylvania	
Texas	

Cost-of-Living Adjustment (COLA)

A 3 percent COLA has been included in the budget for Extended Opportunity Programs and Services and the disabled students services program. The total cost of these COLAs will be approximately \$1.3 million.

California State University

The 1983-84 budget proposes a \$230 per year student fee increase bringing total CSU student

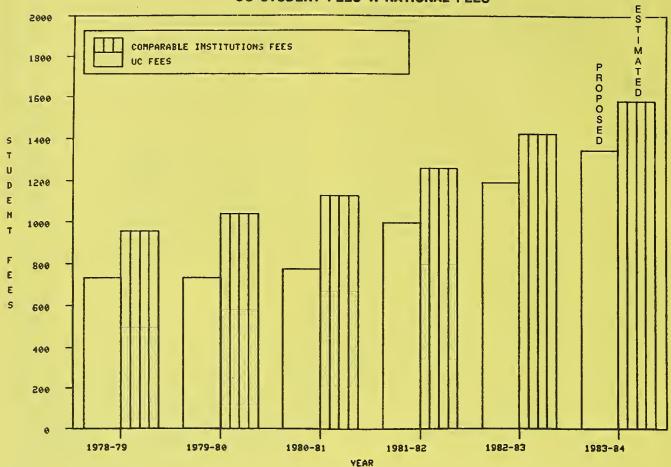
fees to an average of \$652 per year. This increase achieves the objectives of 1) reducing the substantial difference in the fee levels of the University of California (average \$1,350 per student) and the CSU system and 2) increasing the parity between the fee levels of the CSU and comparable institutions. Figure 5 illustrates student costs at the CSU and comparable institutions for the past several years:

Maintaining the policy of increased financial assistance to needy CSU students as fees are increased, the 1983–84 budget proposes to continue the \$3.4 million appropriated in 1982–83 for financial assistance and provide an additional \$11.6 million (total \$15 million) related to the 1983–84 proposed fee increase of \$230 per student year.

University of California

The 1983-84 budget for the University of California (UC) provides funding for 91,725 general campus undergraduates full-time equivalent

FIGURE 6
UC STUDENT FEES v. NATIONAL FEES



(FTE) students, an increase of 1,475 FTE students. Full funding for general campus undergraduate students is provided to ensure that all qualified undergraduate students are admitted in accordance with the provisions of the California State Master Plan for Higher Education.

The budget proposes an increase in the student education fee of \$150 per year to finance the direct and indirect costs of specified student services programs and to increase the funds available for financial aid to offset the fee increase. For undergraduate students, the annual education fee for 1983–84 will be \$775 per student and the average of all UC fees will be \$1,350 per student, an overall increase of 12.5 percent. The total of the fees proposed for 1983–84 is

approximately the same as the average current year charges made by the 22 public institutions in the nation which are most comparable to the University of California. The budget proposes maintaining the historic California policy of tuition-free public postsecondary education.

Figure 6 below reflects the fees of four public institutions which were used to determine the salary relationships between the University and other public institutions. The average of the fees of these institutions is higher than the fees charged by the University of California.

Continuing the policy that as fees are increased, financial assistance be provided to financially needy UC students, the 1983-84 budget proposes an increase of \$3.7 million in student financial aid.

Public Safety

Government fails in its duty to the people it serves if it does not devote itself to ensuring their safety. This Administration is dedicated to the goal of restoring public safety in California and believes that firm, imaginative programs can reduce crime.

Steps toward achieving this goal which are reflected in the budget include drug control and crime prevention efforts, increases in the size of the California Highway Patrol, and expansion of our prison system to meet the demands of the more strict sentencing policies of recent years.

DRUG ABUSE

Drug abuse is one of society's most serious and debilitating problems, damaging the health of users, disrupting the family, reducing productivity in the workplace, and fostering an environment for criminal activity. The tragedy of drug abuse hits hardest when the user is a child or teenager. Through drugs the path to responsible adulthood can be irretrievably lost. The victims of this loss include not only the youth and his family, but the community as a whole.

National statistics show that 66 percent of all highschool seniors have used illicit substances other than alcohol. One-third of all seniors currently use marijuana, 15.8 percent use stimulants, and 5.8 percent use cocaine. Drug use often begins at 12 to 13 years of age. A major cause of this problem is the availability of drugs on and around school grounds. Drug availability must be stopped and drug pushers must be apprehended. Our schools must be marketplaces for learning, not marketplaces for drugs.

To protect our children, the Administration proposes to establish a \$3 million Suppression of Drug Abuse in Schools program within the Office of Criminal Justice Planning. This grant program will allocate state funds to local law enforcement agencies for use with school districts and county boards of education for innovative and model programs which suppress and prevent drug abuse among teenagers, with particular focus on use and trafficking within the school environment.

CRIME PREVENTION

When properly managed and directed, crime prevention efforts play a major role in protecting the safety of our citizens. The Administration proposes to review the crime prevention programs currently administered by the Office of Criminal Justice Planning with the aim of directing them to the most productive areas. After this review and redirection, proposals to expand these activities will be considered where appropriate.

CORRECTIONS

Capacity

The California prison system is facing an unprecedented increase in commitments and length of stay which has created a demand for housing capacity far exceeding the State's current institutional resources. Current forecasts indicate an increase from a budgeted level of 36,885 to 37,800 inmates in the current year, and a projected population of 46,300 by the end of the budget year. The 9,500 inmate growth over the level originally estimated for 1982–83 represents a 25 percent increase over current year capacity. The budget year includes 590.6 positions and \$73,980,000 for necessary support services for the 1983–84 inmate population growth.

In an effort to alleviate the department's population crisis and maximize limited correctional facilities, transfer of the Youth Training School from Youth Authority to Corrections is proposed effective July 1, 1983. This will house approximately 2,000 of the 9,500 inmates by June, 1984. Another 3,000 inmates will be housed by various overcrowding adjustments, with the remaining 4,500 to be housed in tents and temporary housing at sites as yet to be determined.

In addition, construction of new facilities is proposed to meet increased needs for both permanent and temporary inmate housing. For 1983-84, approval of funds for Tehachapi (\$4.5 million) and for construction of an additional prison at Folsom (\$134 million) will provide

2,700 new beds by 1985. An additional 8,000 beds (\$106 million) will be necessary to relieve severely overcrowded facilities and provide interim housing. These beds will be located on existing prison sites and will be constructed as temporary (relocatable) housing units.

Work Program

It is the goal of this Administration to require every able-bodied inmate to participate in a work or training program assignment for a minimum of eight hours per day, five days per week. In keeping with recent legislative direction, the California Department of Corrections plans to make full-time work and vocation or academic education assignments available to all inmates. When fully implemented, this program will result in a significant increase in work assignments, will reduce disturbances in penal institutions, and will help instill work habits in a segment of society which most needs to learn constructive behavior. It will also be a step toward the ultimate goal of developing prison industries which will support part of the cost of the prison system.

JUVENILE JUSTICE PROGRAMS

County Justice Subvention System

The California Youth Authority (CYA) currently subvenes funds to counties for local criminal justice programs (AB 90—Chapter 461. Statutes of 1978). Counties are required to limit their commitments to the CYA in order to receive a per capita grant. The purpose of this legislation was to keep offenders at the local level in lieu of commitment to seriously overcrowded state institutions and to create workable, cost-effective alternatives in community corrections. In 1982-83, the Legislature lifted the commitment limits for one year in recognition that an arbitrary state-imposed limit may not match the reality of the local incidence of juvenile offenders. In addition, administrative savings of \$1,000,000 for both state and local government were made by eliminating reporting requirements for the program.

The Administration proposes to extend this relief from arbitrary commitment limits as well as the administrative savings resulting from elimination of reporting requirements by restructuring AB 90 subventions into a block

grant program. By giving local authorities more control of juvenile justice subvention funds, priorities will be set by the level of government most directly responsible for program success.

Youth Service Bureaus

For 1983–84, continuation of \$1.5 million for delinquency prevention programs is proposed to provide services aimed at delinquent and predelinquent youth. Included in this amount are funds (\$697,000) for eight youth services bureaus. These bureaus represent neighborhood level delinquency prevention programs designed to divert youth out of the justice system. Services include individual and group counseling, work and recreation programs, and other activities encouraging involvement of youths' families, local community citizens, and volunteers.

In the past, county justice subvention funds have been used, on a grant application basis, to augment the youth services bureaus. While not mandated, local governments will be encouraged to use the freedom of the block grant to continue and, where possible, to expand the size and number of these productive services.

PEACE OFFICERS TRAINING

The 1982-83 budget contains a one-time \$3 million statutory appropriation to increase the average level of reimbursement to local agencies for the salaries of peace officers while those officers attend training courses accredited by the Commission on Peace Officers Standards and Training (POST). The average level of reimbursement has declined over the past few years due to an increase in the number of eligible participants in the program.

The 1983-84 budget proposes to continue this \$3 million appropriation, making possible reimbursement to law enforcement and other local agencies of approximately 60 percent of the salary, tuition and travel costs of the peace officers.

POST has also established a center on executive development through the redirection of two positions to provide quality, short-term intensive management training courses for law enforcement executives. The budget year proposes to continue the redirection of two positions and to add two new positions to fully implement the program.

CALIFORNIA HIGHWAY PATROL

For the 1974–75 fiscal year, the California Highway Patrol (CHP) had an authorized strength of 5,720 uniformed personnel years. Over the next several years, the level of authorized uniformed personnel years declined and stands now at 5,245 personnel years for the 1982–83 fiscal year, a decline of 8.3 percent. During the same time period that uniformed strength was declining, the number of registered vehicles in the State rose from 16.2 million to 20.2 million, an increase of 25 percent. Also during this period of time the number of vehicle miles driven by motorists rose from 93 billion annual

miles to 123.4 billion annual miles, an increase of 33 percent.

The 1983-84 proposed budget for the CHP reflects a commitment to increase the number of uniformed personnel to provide needed protection and assistance to the motoring public while enforcing the law. This budget includes increased funding in the amount of \$17,082,000 to provide an additional 382.5 personnel years (271 of these are uniformed officers) and supporting operating expenses and equipment. The 1983-84 budget also includes additional funds for air operations in direct support of traffic management and to assist other law enforcement agencies.



Cost Benefit Adjustments

Inefficiency in government hurts everyone those who pay for government services and those who receive them. The first step toward reducing the cost of government is to ensure efficient operation of state programs. This is a two-phase effort. First, it must be determined if a program is being implemented in as efficient a manner as possible. Second, it must be determined if the program is of sufficiently high priority to justify the cost of continuing it.

This budget proposes cost benefit adjustments in a number of state programs and operations totaling \$56 million and resulting in a reduction

of 953 personnel years.

In some cases, these adjustments ultimately result in savings to the General Fund. In other cases, they result in the redirection of funds and personnel to higher priority programs—for example, increased staffing for state hospitals, the prison system, and the Highway Patrol.

In the short time available to prepare this budget, it was impossible to review all state programs which appeared to be in need of a cost benefit assessment. In order to ensure that these programs are reviewed, the Governor will form Government Efficiency Teams composed of top level executives from the private sector which will work with selected Department of Finance staff and with agency and department heads to conduct cost benefit reviews of specific state programs. Their recommendations for more efficient operations will be incorporated into the budget proposal during the next six months.

EXECUTIVE OFFICE OF THE GOVERNOR

The Executive Office of the Governor will be

reduced by 10 percent.

In addition, it is proposed that the Governor's Council on Wellness and Physical Fitness and the Office of Citizen Initiative and Voluntary Action be eliminated effective January 1, 1983. It is the intent of the administration to continue to provide the services offered by these agencies, but without the establishment of separate offices which contribute to the excessive growth of government.

The 1983-84 budget also proposes transferring the federal block grant for the Low-Income Home Energy Assistance Program from the Office of Economic Opportunity to the Department of Social Services. Transfer of the program will result in significant administrative savings which will be made available for distribution to needy citizens.

CALIFORNIA WASTE MANAGEMENT BOARD

A reduction of \$2.5 million is proposed in the California Waste Management (CWMB's) contracts and grants program in 1983-84. This program has previously been sharply reduced from a level in excess of approximately \$10 million in 1979-80 to \$2.8 million in 1982-83 due to concerns regarding its effective-

A prime example of the inefficient expenditure of state funds in recent years is the mobile pyrolyzer project. The intent of this project was to design, fabricate, and field test a device for the conversion of agricultural residues to synthetic fuels. To date, nearly \$3 million has been expended on the project without success. Furthermore, there is no indication that the project can be successfully completed at any level of expenditure, or that there is a market for such fuels if developed. In fact, the CWMB proposed to spend \$200,000 in 1983-84 to study potential product use from the mobile pyrolyzer project.

AGRICULTURAL LABOR RELATIONS BOARD

Labor Relations Agricultural (ALRB's) budget has increased significantly since the program began operation in August of 1975. Between 1975-76 and 1982-83, the ALRB's initial authorized budget of \$5,298,571 grew to \$8,981,000, a 70 percent increase in just eight years.

In the past, an appropriate level of expenditures for the ALRB was considered difficult to project, primarily because the ALRB was new and its workload somewhat unpredictable. However, this situation no longer exists. In 1979, the ALRB developed workload staffing standards which can be used as an objective basis for budgeting by tying expenditures to workload. These workload staffing standards use statistical and time reporting sytems and include goals for improved staff productivity of nine percent in 1980–81 and two percent in succeeding years.

The 1983-84 budget for the ALRB proposes that the workload staffing standards, as well as the productivity improvement goals, be used for the first time in budgeting ALRB's Unfair Labor Practices Program. As a result, ALRB's budget will be reduced by \$2.2 million and 47.4 positions in 1983-84.

In addition to providing an objective means of budgeting, use of the workload staffing standards will encourage the ALRB to become more cost-effective. Currently, the ALRB allows a greater percentage of unfair labor practice disputes to proceed through the costly adjudication process than either the National Labor Relations Board which it was patterned after, or a comparable program for the State of Arizona.

PUBLIC UTILITIES COMMISSION

The Legislature in 1982 partially implemented user fees on utilities regulated by the PUC. The fee system was established for water and sewer companies. In the Governor's Budget for 1983–84 it is proposed that similar user fees be extended to all other utilities (electricity, telephones, etc.). This shift, which is consistent with the policies of 43 other states, will result in a savings of approximately \$11.9 million to the General Fund and \$7 million to the Energy Surcharge Account.

It is also proposed that the audit function performed by PUC staff be done by certified public accountants working under the direction of the PUC. This change will result in a savings of \$1,350,000 to the General Fund and will allow a reduction of 28.7 personnel years. This proposal will also require clear delineation of audit procedures and criteria which could improve public participation and confidence in PUC decisions.

DEPARTMENT OF INDUSTRIAL RELATIONS

The Department of Industrial Relations administers several programs to promote the welfare of the workforce in California. The largest programs implement workers' compensation

laws and adjudicate claims, protect workers' health and safety, enforce the provisions of the Labor Code relating to wages, hours, and working conditions, and develop and monitor apprenticeship programs.

The 1983-84 budget proposes three positions and \$114,000 to monitor compliance with regulations regarding the employment of minors in the entertainment industry. The proposal is intended to increase protection for minors, particularly in the areas of hours of work, supervision, and physical safety requirements.

The 1983-84 budget also proposes reductions. Between 1974-75 and 1982-83, the size of the department increased by 580.7 positions and the budget grew from \$50.3 million to \$97.4 million, an increase of 93.6 percent. Some of this growth is the result of increasing workload. However, a substantial amount of the growth represents increases which are neither efficient nor cost-effective. The reductions proposed are designed to maintain essential services while eliminating unnecessary administrative costs and low priority activities.

The budget proposes a reduction of 88.6 administrative and clerical positions and \$4.9 million in the Cal/OSHA program. However, no reductions are proposed for journey level safety engineers and industrial hygienists who conduct health and safety inspections. The number of health and safety inspectors proposed in 1983-84 will provide one inspector for every 41,100 workers covered by the OSHA program. This is a higher ratio of staff to workers than is found in most other large industrial states. For example, in Illinois the OSHA program has one inspector for every 59,800 covered workers. In Texas the ratio is one to 59,900; and in New York it is one to 63,600. Even with the proposed reduction in Cal/OSHA administrative and clerical positions, the program will still maintain a high level of coverage for California's workforce.

To better reflect workload demands upon the program, the budget proposes a reduction of 84.3 positions and \$3.4 million in the Labor Standards Enforcement Program. This reduction includes 67 positions in the Concentrated Enforcement Program in which inspections of businesses are conducted for possible Labor Code violations even if no complaint has been filed against the business. This reduction still

leaves the proposed 1983–84 budget for Labor Standards Enforcement with 346.6 positions and \$14.0 million to process complaints.

In addition, the budget proposes a reduction of 19.1 positions and \$708,000 in the Apprenticeship Program to reflect the fact that the program is run primarily by local apprenticeships councils and to ensure increased efficiency in consulting with local apprenticeship councils and monitoring apprenticeship programs.

AIR RESOURCES BOARD

The Air Resources Board's budget has increased significantly in recent years. Between 1975–76 and 1982–83, the board's budget has increased from \$20.5 million to \$59.5 million, an increase of 190 percent in just seven years.

In response to concerns over excessive and duplicative environmental regulations, this budget proposes a significant reduction in board activities directed at the control and regulation of stationary source pollution. Under the law, these activities are the primary responsibility of the local air pollution control districts. In order to ensure that the local districts have sufficient resources with which to carry out their responsibilities, the 1983–84 budget proposes the continuation of state subventions to the local districts at essentially the current year's level rather than their elimination for all of the larger districts as contemplated during the consideration of the 1982–83 budget.

The board's extramural research program is an example of unjustified, recent and extraordinary growth in expenditures. It has grown from \$3.2 million in 1979–80 to \$6 million in 1982–83, an increase of \$2.8 million (88 percent) in a three year period. This budget proposes a reduction of \$3 million in the research effort of the board in 1983–84. This reduction will still leave the board with \$3 million (approximately the 1979–80 level) for the scientific and technical data upon which to base sound air pollution control decisions. In addition, this change will allow the further reduction of \$465,000 and ten personnel years to reflect the revised budget for the extramural research program.

These changes, along with a reduction in legal activities will create savings of \$5,364,000 (\$439,000 General Fund, \$4,925,000 Motor Vehicle Account, State Transportation Fund) and

will allow the reduction of 52 positions. These reductions are reflected in the following program areas:

TABLE 2
AIR RESOURCES BOARD REDUCTIONS

Programs	Positions	Dollars in Thousands
Regional Programs	. 5	\$327
Stationary Source Control Programs		1,040
Enforcement Programs	10	387
Research Programs	10	3,465
Executive Office (Legal Staff)	3	145
Total	52	\$5,364

CALIFORNIA COASTAL COMMISSION

In response to concerns regarding excessive and duplicative environmental regulation, the Governor's Budget proposes a modification in commission activities directed at coastal energy planning, marine resource management studies, and other statewide planning issues. Due to the significant impact of offshore energy development as well as to the impact of other regional and statewide coastal land use issues on the State and local communities, the administration believes that the policy planning functions currently performed by commission staff are more appropriately the responsibility of the Governor's Office of Planning and Research. Accordingly, the budget for 1983-84 proposes a reduction of 11.7 personnel years and \$426,000 in General Funds. In addition, the responsibility for coastal energy planning activities is also transferred for 1983-84 to the Governor's Office of Planning and Research, resulting in savings of seven personnel years and \$150,000 in General Funds.

These policy changes, along with a reduction in attorney positions and related support costs, will create nearly \$800,000 in General Fund savings, eliminate 24 personnel years, and contribute towards greater balance in the area of environmental regulation.

In addition to the policy changes noted above, the commission's permit and planning workload is expected to decline by 16 personnel years and \$337,000 in federal funds in 1983–84. As more local governments complete their local coastal programs (LCPs) and receive LCP certification from the commission, they can then assume full permit authority for most types of development, resulting in a lower level of permit workload for the commission.

ENERGY COMMISSION

The California Energy Commission was created in the wake of the 1973 oil embargo to: consolidate the process for approving new thermal electric power plants; forecast long-range electricity supply and demand; and promote energy conservation and development of new technologies. At the time the Energy Commission was created, the State (and the entire country) was faced with accelerating energy costs and dwindling supplies, the price of gasoline was forecast to exceed two dollars per gallon, and traditional methods of dealing with energy issues were no longer believed to be adequate.

However, since the creation of the Energy Commission, there has been a growing understanding of the factors influencing energy supply and demand. The importance of energy conservation has been recognized and new technologies development has been expedited. It is clear that under the current circumstances the traditional institutions which deal with energy issues (such as the Public Utilities Commission, the universities, and the private sector) are able to continue many of the functions of the Energy Commission in a more efficient manner.

The commission's emphasis on conservation and development activities has increased dramatically over the past several years. In 1975–76, the Energy Commission had a total budget of \$10,752,000 and 270.2 personnel years of which \$5,084,000 and 89 personnel years were allocated for conservation and development activities. By contrast, the commission's 1982–83 budget includes \$50,713,000 and 474.4 personnel years, of which \$41,138,000 and 186.1 personnel years are budgeted for conservation and development activities—an increase of 709.2 percent in funding and 109.1 percent in staffing.

In light of the above, the direction of the Energy Commission's programs for 1983–84 is substantially revised. Rather than being an active, but duplicative, participant in developing new energy conservation strategies and alternative energy sources, the emphasis of the commission's activities will be directed toward forecasting future energy supply and demand, and formulating policies and strategies for energy conservation and development in response to energy forecasts. This will result in savings of \$4,160,000 and 95.4 personnel years.

While the commission will continue its thermal power plant siting functions, generic siting activities not related to processing specific applications for new thermal power plants will be discontinued. This will result in savings of \$1,373,000 and 30.2 personnel years.

In addition to revising the proposed programs of the commission, the 1983–84 budget is based on a continuation of current year efforts, rather than proposing resources to investigate new areas of interest. In keeping with this precept, contract funds proposed for 1983–84 are limited to continuation of only those activities funded in the current year. This will result in savings of \$3,186,000.

The general administrative reductions resulting from the above changes are \$1,592,000 and 40 personnel years.

With the changes proposed above, the commission's budget will still include \$11,403,000 and 89.8 personnel years for conservation and development activities. Adjusting for changes in the cost of living, resources budgeted for such efforts in 1983-84 are comparable to the resources budgeted in 1975-76.

The surcharge applied to the electricity bills of all Californians will be reduced to reflect the level of proposed expenditures for 1983–84 resulting in an immediate savings of approximately \$15 million to the public.

CALIFORNIA ARTS COUNCIL

The California Arts Council was established by Chapter 1192, Statutes of 1975 and is responsible for promoting artistic awareness, participation, and expression in California. The council makes grants, usually on a matching basis, to arts organizations promoting community based cultural activities in rural and metropolitan areas. Between 1975–76 and 1982–83, the Arts Council's initial authorization of \$911,000 grew to \$11,009,000. The greatest growth occurred in 1979–80, when the budget increased 330 percent.

The 1983-84 Governor's Budget proposes reductions in low priority programs while maintaining grants to established organizations and local government. The 1983-84 budget proposes a reduction of \$1.7 million and seven personnel years. Reductions are in the following areas:

TABLE 3 CALIFORNIA ARTS COUNCIL REDUCTIONS

	Dollars in
• Elimination of grants for artists in social institu-	Thousands
tions	\$436
• Elimination of grants for public participation	306
• Reduction of grants for touring programs	375
 Reduction of grants for technical assistance 	200
• Elimination of grants for statewide arts service	
organizations	108
Elimination of grants for the Maestro-Apprentice	
program	89
• Elimination of grants for interagency arts coordi-	
nation	170
Total	\$1,684

HOUSING AND COMMUNITY DEVELOPMENT

In an effort to reduce the overall cost of state government while providing more efficiency in program delivery, the 1983-84 budget for Housing and Community Development (HCD) reflects a reduction of 35 positions and \$1,038,000. Departmental administration will be eliminated by 25 positions and the remaining ten will be eliminated reduced in the area of research and policy development. While attempting to achieve its objective to assist in the provision of affordable housing for California residents, the number of positions has increased by 60 percent over the past two fiscal years. This rapid growth has failed to demonstrate increased efficiency in program operation and delivery. Therefore the proposed reduction of 35 positions should not have a deleterious effect on the department's continued efforts to meet program objectives.

SOLARCAL OFFICE

In order to reduce government expenditures and provide efficient utilization of limited resources, the 1983–84 Governor's Budget proposes a reduction of 4.3 personnel years and \$144,000 for the elimination of the Solarcal Office. Elimination is to be completed by December 31, 1983.

CALIFORNIA CONSERVATION CORPS (CCC)

Since the creation of the CCC in 1976, it has grown from a \$7.9 million program (\$7.8 million General Fund) to a \$35.7 million program (\$25.9 million General Fund) in 1983-84 and has expanded its corpsmember strength from 1,000 to 1,640. This represents an increase in the average cost per corpsmember from \$7,900 to \$21,700 or a cost growth per corpsmember of

175 percent. However, while the growth in corpsmember strength and support cost has been substantial since 1976, an evaluation of whether the cost of the program is justified by the benefits to the public has not yet been performed.

Chapter 50, Statutes of 1980, requires an August 1984 report to the Legislature on the accomplishments of the program objectives, including its cost-effectiveness. The growth of the CCC should be stabilized until the review of their accomplishments and cost benefits is completed.

It is proposed to continue the CCC's primary objectives at a level consistent with available resources in 1983-84 and to maintain 1,640 corpsmembers and 23 centers. This is three fewer centers than maintained in 1982-83 and will result in General Fund savings of \$3 million, a reduction of 155 corpsmembers and a decrease of 42.6 civil service personnel years. In addition, it is proposed to redirect \$810,000 to fund increased corpsmember medical insurance and operating expense costs. This will result in a further reduction of 45 corpsmembers and five civil service personnel years for a total reduction of 200 corpsmembers and 47.6 supporting staff. These reductions will still allow the CCC to provide approximately 2.8 million hours of service work, including almost 600,000 hours of emergency work.

It is also proposed that the support of the CCC be broadened to include a nominal funding match from those local, state, and federal entities that benefit directly from the CCC's efforts. Therefore, of the CCC's 1983–84 support costs of \$35,668,000, reimbursements are proposed to be increased \$3.2 million, resulting in a similar reduction of General Funds.

STATE PUBLIC DEFENDER

It is estimated that the average cost per case for the State Public Defender exceeds \$2,700 while the latest estimates of the average cost of court-appointed counsel is approximately \$1,700 per case. This is a difference of at least \$1,000 per case.

Therefore, the 1983-84 budget proposes that the State provide representation for indigent criminal appeals in the most cost-effective manner by having the courts appoint private sector attorneys to represent indigents in all but the most sensitive and complex capital and noncapital cases.

As a consequence, it is proposed that the State Public Defender's Office be reduced by 77.2 personnel years and \$3.9 million. To handle the courts' increased need for funding for court-appointed attorneys, the Judiciary's budget will be augmented by \$1.5 million. The difference of \$2.4 million represents a savings to the State.

STATEWIDE ATTORNEY REDUCTIONS

The number of attorney positions in state agencies and departments has increased by 18 percent since 1975. These scattered "house counsel" positions are inconsistent with the established state policy that state legal services should be centralized in order to achieve max-

imum lawyer efficiency in their delivery. Often house counsel positions were created without a thorough analysis of the workload justifying them.

Departments proposed over 1,450 attorney positions, exclusive of hearing officers, to be included in the 1983–84 Governor's Budget. These requests have been reduced by approximately 175 attorney positions.

This reduction will force a review of most of the attorney positions in state government. Agencies and departments will be required to justify on a cost benefit basis reestablishment of any of the deleted positions and to provide reasons why centralized legal services should not be used. Approximately \$12 million in savings will be achieved through this reduction (\$4 million General Fund).

Cost-of-Living Adjustments

This budget proposes \$926 million for the funding of statutory and discretionary cost-of-living adjustments (COLAs) to be apportioned in the following manner:

Education

Our most vital resource is our children. The budget proposes a 6 percent COLA in K-12 education.

State Employees

The people who make government work have been repeatedly denied reasonable cost-of-living adjustments despite high inflation rates. This Administration's commitment to ensuring efficiency for government also carries with it the commitment that those who staff an efficient government be fairly paid.

A 5 percent cost-of-living package is proposed for state employees. This is in addition to assumption of last year's one-time only use of Public Employee Retirement System funds to cover increased medical insurance and dental premiums. The assumption of these costs equals another 1.5 percent in new employee benefits.

Supplemental Security Income/State Supplementary Program—SSI/SSP

A 2.1 percent increase is proposed for SSI/SSP recipients. This represents the dollar amount of federal SSI cost-of-living increase passed on to all SSI/SSP recipients. This COLA is presented in further detail in the Health and Welfare section.

Aid to Families with Dependent Children —(AFDC)

No COLA is proposed for AFDC. The current monthly AFDC payment in California exceeds by \$123 the maximum aid payment for a family of three made by the five largest states with the most generous AFDC programs. It is the goal of this Administration to maintain AFDC grants at their current level until they are more in line with those considered fair by other comparable states. This is discussed in more detail in the Health and Welfare special A page section.

Other

Other COLAs are generally budgeted at 3 percent.

TABLE 4 GENERAL FUND COST-OF-LIVING INCREASES (In Thousands)

	198.	2–83			1983–84			
		FETED	1%		TUTORY	BU	DGET	
	Percent	Dollar	Dollar	Percent	Dollar	Percent	Budget as	
Agency/Department/Program	Increase	Increase	Increase	Increase	Increase	Increase	Proposed	
HEALTH AND WELFARE								
Alcohol and Drug								
Abuse Block Grant	-	-	\$638	_	-	-	-	
Health Services								
County Health Services	-	-	3,630	3.6	\$13,067	3.0	\$11,024 a	
Medically Indigent Adults	are as h	h	4,908			3.0	13,872	
Medi-Cal—Hospital Inpatient	(13.9) b	(\$48,300) b	2,790	7.0	19,530		_	
Medi-Cal—Drug Ingredients	(6.0) b	(2,463) b	385	6.6	2,541	3.0	1,155 *	
Medi-Cal—"Spin-off"	10.0	12 004	1,428	6.8 _ d	9,710	-	4.00 6 8	
PHP's CDS and RHF	10.8 9.9	13,994	1,342	_ d	-	3.0	4,026 a	
Nursing Homes, including State Hospitals	7.9	32,847	4,202	Ξ	_	3.0	12,606 ^a	
Medi-Cal—County Admin & EPSDT	_	_	4,217 602	_	Ξ.	3.0 3.0	12,650 1,806	
Public Health—Block Grant	Ξ	Ξ	1,066	_		3.0	1,800	
Public Health—Other	_	_	7		Ξ	3.0	22	
Developmental Services—Regional Centers	Ξ	_	2,758		Ξ.	3.0	8,274	
Local Mental Health Programs	_	_	3,120	_	_	3.0	9,362	
Social Services			5,120			5.0	7,502	
SSI/SSP	2.8	95,306	34,049	6.8	231,529	2.1	72,267 a	
AFDC		-	14,526	6.8	98,780		/2,207 _8	
IHSS—Statutory	_	_	136	6.8	923	3.0	401 ª	
Community Care License	_	_	83	_	_	3.0	248	
County Administration	_	_	1,153	_	_	3.0	3,470	
IHSS—Nonstatutory	_	_	2,470	_	_	3.0	7,411	
Social Services—Other	_	_	1,779	_	_	3.0	5,337	
Department of Rehabilitation	_	_	374	10.9	4,085	3.0	1,122 ª	
YOUTH AUTHORITY								
County Justice System	-	_	628	_	_	_	1,884	
EDUCATION	_	-	(101,681)	-	(679,969)	-	(543,859)	
Apportionments:								
K-12—Districts	6.9	-	74,967	7.5	559,253	6.0	446,973 ª	
Special Adjustment for Low Wealth Districts	_	-	-	-	-	-	34,678	
Transportation	-	-	1,560	-	-	3.0	4,681 ^a	
Court Mandates		_	1,287		-		Ξ.	
Adult Education	6.0	-	908	6.0	5,452	3.0	1,384 a	
K-12—County Offices of Education	6.9	-	1,460	7.4	10,847	3.0	4,380 a	
Regional Occupational Centers/Programs	-	-	1,679	7.4	12,478	3.0	5,038 ª	
Adults in Correctional Facilities	7.6	_	12		2.267	3.0	36	
Child Nutrition	7.5	-	261	8.7	2,267	3.0	783 ^a	
Indian Education Centers	-	Ξ	2 192	_	Ξ	3.0	24	
Child Care Program	6.9	Ξ	2,182	7.4		3.0 3.0	6,546	
Master Plan for Special Education Preschool	0.9	_	12,069 303	7.4	89,672	3.0	36,249 ^a 909	
Division of Libraries ^e	_	_	55			3.0	165	
Urban Impact Aid	_	_	671			3.0	2,013	
Education Block Grants.	Ξ	Ξ	4,259	Ξ	_f	3.0	2,015	
Board of Governors, California Community Colleges	_	_	7,237					
Apportionments	_	_	14,094	_	_	_	_	
Handicapped Student Services	<u>_</u> .	_	184	_	_	3.0	552	
EOPS	_	_	247	_	_	3.0	741	
Student Aid Commission	_	_	885	_	_	3.0	2,655	
CSU-EOPS.	_	_	66	_	_	3.0	198	
ALL OTHERS								
Forestry Local Fire Protection	_	_	132	_	_	1.0	132	
Teachers' Retirement Benefit Increase	_	_	4,107	-	20,535 ^g	_	-	
Food and Ag—County Pesticide	_	_	29	_	_	3.0	87	
Personal Property Tax Relief	_	_	5,116	6.3	32,079	_	_ a	
Employee Compensation	-	_	38,000	-	_	5.0	190,000	
Retired Annuitants	-	_	´ -	-	_	5.0	20,559	
TOTALS		\$142,147	\$250,832		\$1,112,748		\$925,720	
101120		V1 12,111	Q200,002		22,220,710		4720,120	

^{*} Change in law is required.

 ^a Change in law is required.
 ^b Expenditures are being made at this level but are not budgeted.
 ^c With no AFDC COLA there is no Medi-Cal "spin-off" cost.
 ^d Prepaid Health Plan (PHP) and nursing home statutory COLAs are based on trend data and rate studies which are not available at this time.
 ^e Amount does not reflect program increase associated with SB 358.
 ^f Existing statutes provide a 6 percent increase at a cost of \$1,014,000 for the Gifted and Talented categorical program and 5 percent at a cost of \$2,045,000 for the Instructional Material categorical program. Funding for these programs is provided within the Education block grant.
 ^e SB 1562 (Ch. 1606/82) requires 5 percent of past three-year average increase in teachers' salaries for 75 percent Purchasing Power Protection for retired teachers.

Health and Welfare

The budget plan for the State's health and welfare programs balances the need to reduce expenditures with the need to provide services or grants to those requiring assistance from government. Three goals have been set: (1) to bring California benefits in line with those of the rest of the nation, (2) to carry out the government's social duty to those in need in the most efficient manner possible; and (3) to return to local government the control and responsibility for social programs most appropriately administered at the local level.

To achieve these goals a number of specific actions have been proposed. These include:

- increasing efforts to eliminate welfare fraud;
- removing from state aid those who do not actually need assistance and who, by taking such assistance, actually keep resources from those who do need them;
- ensuring that those who can afford to contribute to the cost of services they receive pay their fair share;
- creating block grants in specific areas to eliminate unnecessary bureaucracy and paperwork, and reinvesting the savings realized back into direct services to clients; and
- bringing California benefits into line with those considered fair by the other major states by controlling cost of living increases rather than reducing benefits.

The Administration's 1983-84 proposals for health and welfare programs save more than \$300 million in General Fund expenditures. The direct impact on clients receiving services or grants has been minimized. Extensive further reforms are planned in the welfare area, the keystone of which will be a program to put those on welfare who are able to work back to work. This program, which will be presented at a later time, will restore to those able to work the dignity of earning their living without the need to seek the assistance of their fellow citizens.

REFORMS

Reforms have been proposed in the 1983–84 Governor's Budget to implement this Administration's commitment to efficient, equitable services to welfare recipients, the developmentally disabled, and Medi-Cal patients. These reforms are discussed individually below but do not represent a complete list of the changes the Administration intends to make to the State's social programs. The Governor will appoint Government Efficiency Teams to examine programs in this area. It is anticipated that more extensive reforms will be included in the budget after these reviews.

Welfare

- -Welfare Fraud/Early Detection-This proposal will expand, on a statewide basis, a highly successful program operating in Orange County which places emphasis on the early detection of welfare fraud. Under this program, investigators from the district attorney's welfare fraud unit are stationed in county welfare offices so that when an eligibility worker suspects fraud, the application is immediately investigated. Through the mutual cooperation of both the eligibility workers and investigators, most issues are resolved within the usual time that an applicant's request for aid is processed. This proposal will save the more cumbersome effort required to remove someone from the welfare rolls once they are made eligible and avoids aid payments to fraudulent applicants who are generally not discovered until after they have received substantial amounts of grant money. Savings from this proposal are estimated to be \$41 million (\$18.3 General Fund) in 1983-84 alone.
- —Prorate Shelter Costs for AFDC Families with Dependent Children (AFDC) Living in Large Households—Currently, AFDC families who share housing with others not

in their family budget unit receive the same grant amount as AFDC families who do not share their living quarters. The Federal Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 gave states the option of prorating AFDC grants for families living in shared housing to recognize a lower level of need that results when there is a sharing of housing and utility costs. It further recognizes the ability of others in the household to pay their share of cost while maintaining the current level of aid payment for those AFDC families (living by themselves) who are most in need. Savings from this proposal are estimated to be \$80.6 million (\$36.3 General Fund) in 1983-84.

-Effective Date of Aid Payment-Currently, some AFDC recipients have their application for aid completed in the month they applied for aid. For those recipients, the beginning date of their aid payment is the date of their application. However, for those recipients who do not have their application completely processed during the month of application (but rather during the month following application), their aid payment begins the first day of the month following the application month. The budget proposes eliminating this inequity by beginning aid for all applicants effective on the first day of the month following the application month. Savings from this proposal are estimated to be \$84 million (\$35.6) million General Fund) in 1983-84.

Developmentally Disabled

The Budget Act of 1982 contains language which authorizes the Director of the Department of Developmental Services to establish priorities for expenditure of funds for regional centers. Consistent with this language, the Director issued priorities for regional centers in November of 1982 in order to avoid a potential deficiency. Subsequently, a temporary restraining order requested by a regional center advocacy group enjoined the department from implementing the priorities. Within the 1983–84 Budget Act, the Administration is proposing statutory language as well as amendments to the Lanterman Disabilities Services Act to allow the department to develop regulations and priorities

for the Regional Center program. This action is necessary to ensure that basic and necessary services are provided within the level of the appropriation.

Additional legislative changes will be introduced to eliminate some of the existing program mandates in order to give regional centers more flexibility in meeting service demands. Currently, regional center caseworkers are provided at a standard of 1:62 ratio for all clients, including those who have not received services in the past 12 months. It is proposed that the ratio for those who have not received services in the past 12 months be increased to 1:120. In recognition of the reduced workload, the budget, as proposed, reflects a reduction of \$7.3 million for regional center administration. Regional center staff will focus on those most severely disabled individuals requiring services.

Additional savings of \$2.4 million will be generated by allowing state hospital staff to assume full case management responsibility for regional center clients while they are in the state hospital. Historically, hospital staff have been involved in program planning for and monitoring of hospital residents. It will be more efficient and practical for hospital staff to provide all case management services while continuing to maintain contact with regional centers concerning available community resources.

Medi-Cal

Expenditures in the Medi-Cal program are now leveling off after a decade of rapid growth. Recent reforms changed the fundamental concept under Medi-Cal from "mainstream" medicine to "marketplace" medicine. The Administration supports this concept.

With the objective of continuing to control costs under the Medi-Cal program, permanent and one-time only measures have been enacted that have been effective in reducing expenditures. However, the one-time measures need to be continued and additional steps need to be taken to bring expenditures more in line with the resources available to the State. The Administration intends to continue working with the Legislature to contain costs in the Medi-Cal program.

The budget contains the following proposals which will save an estimated \$158.1 million (\$86.9 million General Fund) in 1983-84. These proposals focus on administrative con-

trols, benefits and rates of payment, with the intent of minimizing the impact on recipients.

Continuation of AB 799 (Chapter 328, Statutes of 1982) and SB 2012 (Chapter 1594, Statutes of 1982)—1982-83 Savings Measures—A reduction of \$126.3 million (\$61.9 million General Fund) in expenditures will be achieved in 1983-84 by continuing the savings provisions mandated for 1982-83 in AB 799 and SB 2012. These provisions included a 10 percent rate reduction for most providers and expanded utilization controls and restrictions on drugs, vision care, and nonemergency medical transportation services. The 1982-83 provider reimbursement rate is proposed for continuation in 1983-84, prior to application of any 1983-84 COLA. The budget proposes a 3 percent COLA for all Medi-Cal providers except hospital inpatient service providers who negotiate reimbursement rates with the California Medical Assistance Commission.

Reduced Reimbursement for Hospital Eligibility Determinations—A savings of \$3.8 million (\$1.9 million General Fund) will result from changing the basis of reimbursement for eligibility determinations made in hospitals to the same basis as that used in county welfare offices. Currently, eligibility determinations made in hospitals are reimbursed at a rate that is approximately two times greater than that provided for county welfare office determinations.

Mandatory Prepaid Health Plan Enrollment—Currently, prepaid health plans (PHP) serve Medi-Cal clients at an average cost of 92 percent of fee-for-service costs. However, PHP enrollment is voluntary and many Medi-Cal beneficiaries do not enroll because PHPs control utilization and provider selection. Assignment of recipients to PHPs until maximum capacity is reached will result in savings of \$1.6 million (\$.8 million General Fund) in 1983-84 and \$6.7 million (\$3.4 million General Fund) in 1984-85. During the first year of mandatory enrollment, only part-year savings are projected because the PHPs will be prepaid at the same time that feefor-service providers are reimbursed for prior year services for the same individuals. All prior fee-for-service claims will be paid by the end of 1983-84 and full-year savings can be realized thereafter.

Non-Elective Abortion Services—A savings

of \$17.3 million General Fund will be achieved under a non-elective abortion policy. The 1983-84 budget will continue to provide funding for abortions for those women who are victims of rape or incest, where the woman's life is endangered by the pregnancy, where severe and long-lasting physical health damage to the woman would result if the pregnancy were carried to term, or where prenatal studies indicate a severe genetic or congenital abnormality.

Termination of Los Angeles County Waiver—Currently, Los Angeles County hospitals are exempted from certain statewide utilization and claims payment controls used in the Medi-Cal program. It is essential that such cost control mechanisms be applied uniformly throughout the State. As Los Angeles County now has the same capability as other providers to comply with these cost control processes, the budget proposes that these exemptions be ended. As a result of this, a reduction of \$9.1 million (\$5.0 million General Fund) in expenditures is estimated in 1983–84.

Medically Indigent Adults—In AB 799, which addresses the long-range reform of the Medi-Cal program, the Legislature transferred responsibility for the delivery of health care services to Medically Indigent Adults (MIAs) from the state Medi-Cal program to local county health programs effective January 1, 1983.

Pursuant to AB 799, the amount of this transfer was to be 70 percent of the amount that would have otherwise been appropriated under the Medi-Cal program, plus 100 percent of county administrative funding. The rationale for the 70 percent level of funding was as follows:

- Counties would save funds since the benefits they provide are less comprehensive than those provided under the Medi-Cal program.
- 2. Counties would save funds by shifting service delivery from an inpatient to an outpatient mode and reduce length of stay in inpatient facilities.
- 3. County hospital occupancy rates would increase and counties would thus achieve economies of scale.

SB 2012 specified that \$261.5 million would be the amount of the funding transfer available for counties to provide health services to former MIAs from January 1, 1983 to June 30, 1983.

In 1982-83, 24 counties will use their own

county health systems to provide services to this population. The remaining 34 counties with populations less than 300,000 have elected to authorize the State Department of Health Services to administer their program as provided for in AB 799 and SB 2012.

In 1983-84, proposed funding for this program totals \$476 million. This amount is 70 percent of the amount the State would have expended on MIA health care during 1982-83 had MIAs remained Medi-Cal eligible throughout the year, 100 percent of county administrative costs, plus a proposed 3 percent COLA for 1983-84.

BLOCK GRANTS

For too long, state government has expanded its control and supervision over programs best run at the local level. As a result, local government has been forced to devote increasing resources to meeting state regulatory requirements and fewer resources to direct services to citizens. As a start toward correcting this problem, the 1983–84 Governor's Budget proposes consolidating eleven health and welfare programs into two block grants to local government: the Alcohol and Drug Block Grant and the Public Health Block Grant.

Alcohol and Drug Programs

The 1983–84 Governor's Budget proposes an Alcohol and Drug Block Grant consolidating the two programs currently administered by the Department of Alcohol and Drug Programs. A block grant subvention will result in substantial state administrative savings of 106 positions and \$2,217,000 in 1983–84.

It is anticipated that legislative enactment of the block grant will eliminate most state statutory and regulatory requirements giving local government increased flexibility in the use of program funds. This flexibility should result in major local government administrative savings since most local planning and reporting requirements will no longer be required. Consequently, even though a CQLA is not proposed for the alcohol and drug block grant in 1983–84, local government should be able to redirect funding to

increase its direct services by 10 percent. In addition, the block grant will improve local governments' control over activities which are more appropriately conducted at that level. Since this proposal will require statutory changes, the Administration will be sponsoring legislation to redefine state and local responsibilities. The Department of Alcohol and Drug Programs management will review each program within the block grant and provide a detailed listing of personnel reductions prior to legislative budget hearings.

Public Health Programs

The 1983–84 Governor's Budget proposes the Public Health Block Grant consolidating all or portions of the following nine programs: Adult Health, Dental Health, Vector Biology and Control, Family Planning, California Childrens' Services, Child Health and Disability Prevention, Genetically Handicapped Persons Program, Rural Health, and Maternal and Child Health.

The block grant will save \$9 million and 320.8 positions in state administrative costs by eliminating most state statutory and regulatory requirements. Local governments will be given increased flexibility in the use of block grant funding to meet specific community needs. This flexibility will increase the effectiveness of local governments by giving them more control over activities that are most appropriately conducted at those levels.

Although the Public Health Block Grant proposes administrative savings of \$9 million at the state level, no reduction in the grant's overall funding level is being proposed. It is anticipated that direct services at the local level will be increased by 10 percent by redirection of administrative savings, making a cost-of-living adjustment for the 1983–84 program unnecessary. Consequently, the Public Health Block Grant proposes to continue local assistance funding at its current level of \$122.4 million.

The Department of Health Services will review each program within the block grant and provide a detailed list of personnel reductions prior to legislative budget hearings.

COST-OF-LIVING ADJUSTMENTS

AFDC and SSI/SSP Grant Comparisons with Other States

The federal government mandates two financial aid programs: Supplementary Security Income (SSI) for adults and the Aid to Families with Dependent Children (AFDC). The federal government also allows a variety of optional state supplemental programs. Examples of optional programs enacted in California are the AFDC-Unemployed Parent Program (AFDC-U) and the State Supplementary Program (SSP).

California has approximately 10 percent of the total U.S. population. Based on the latest data available, California had a monthly SSI/ SSP caseload of approximately 17 percent (683,-000) of the nation's SSI/SSP population (3.96) million), but provided an average of 25 percent of the federally administered SSI and SSP aid payments (\$178.7 million of \$729.1 million total average monthly payments). This difference in population compared to payment level is attributed primarily to two factors: (1) California provided more state funds than all other 27 states with the federally administered SSP program (67 percent of the total); and (2) California is one of the few states with a statutory cost-of-living increase.

In the AFDC program, California, in 1980,2 had approximately 13.2 percent of the nation's population which receives AFDC benefits but expended 19 percent of the total aid payments. While specific data is unavailable, this higher payment level compared to population may also be attributed to California's statutory cost-ofliving increase provisions and the additional cost of the State's optional AFDC-U program (federal and non-federal).

As indicated in the table below, California has the highest SSI/SSP and AFDC financial aid payment standards in the ten most populated

states. This table compares payments currently being made in 1982–83 since data is not available for other states' 1983-84 budgets. For 1983-84, a 2.1 percent COLA for the SSI/SSP program in California will increase a single SSI/SSP recipient's grant by \$9 to \$460 per month and a couple's SSI/SSP grant by \$18 to \$856 a month. No COLA is proposed for AFDC until California is more in line with those grant levels considered fair by other comparable states. California provides a maximum aid payment level for a family of three of \$123 or 32 percent per month higher than the five largest states with the highest payment level in their AFDC program. In addition, future consideration will be given to compare the total cash value of benefits and services to an AFDC recipient in California (i.e., Medi-Cal, food stamps, aid payments) to the benefits and services available to comparable AFDC recipients in other large states.

1. Social Security Bulletin, October 1982, Volume 45, Number 10, U.S. Department of Health and Human Services.

 Social Security Bulletin, Annual Statistical Supplement, 1981; November 1982, Volume 45, Number 11, U.S. Department of Health and Human Services.

TABLE 5 Ten Most Populated States SSI/SSP and AFDC Payments as of July 1, 1982 SSI/SSP Payment Standards

	Aged and Disabled Blind				AFDC Maximum Aid Pay- ment
States 1	Individuals	Couples	Individuals	Couples	Family of 3
California	\$451	\$838	\$506	\$985	\$506
New York	348	506	348	506	430 ³
Texas 2	284	426	284	426	118
Pennsylvania	317	475	317	475	350
Illinois 5	284	426	284	426	302
Ohio 2	284	426	284	426	263
Michigan	309	463	309	463	397³
Florida	335	670	335	670	209
New Jersey	309	446	309	446	360
Massachusetts 4	422	641	442	885	379

¹ In descending order by state population.

² These states do not supplement SSI.

³ SSI/SSP Grant levels vary regionally within the State. Figures repre-

sent the average maximum aid payment level.

Disabled payments are slightly lower than those in the aged category.

This state does not have a standard allowance for its SSP. Payments are based upon individual needs and circumstances. The average supplement to the federal payment shown here in July 1982 was \$67.24.



Transportation

The primary objectives of this Administration for the State's transportation program are:

- a) The operation of safe roadways;
- b) The maintenance and preservation of existing roadways;
- c) Continuation of efforts to complete construction of needed new lane miles of roadways; and
- d) Within reasonable limits and subject to the availability of funds, research into alternative transportation modes.

Because of the need to review current transportation programs for consistency with the above objectives and also to assess cost effectiveness, the 1983-84 budget for the Department of Transportation is a baseline proposal that contains no funding for new or significantly enhanced programs. Another factor in support of submitting a baseline proposal is the recently enacted federal tax of five cents per gallon on gasoline. Because of the lateness of the federal action, it was not possible to reflect plans for increased expenditure of these funds in the 1983-84 budget.

During the next several weeks, the department's existing program expenditures as well as any requests for additional funding will be carefully reviewed for consistency with the stated objectives of operating and maintaining safe roadways and of completing needed new lane miles. Also to be considered is how any additional federal funds from the recent gas tax increase will be used. Any recommendations for changes to the 1983–84 baseline budget will be submitted to the Legislature for consideration.

Although the 1983-84 budget for the department does not contain funding for any new programs, it does reflect proposed changes to programs or projects that are inefficient or not cost effective. In the area of transportation these proposed reductions are described below.

Rail Transportation (Department of Transportation)

Because of overall low ridership and the need to make more efficient use of limited resources, the 1983–84 budget proposes to reduce the level of state participation in rail passenger transportation.

There are only two lines that are operating in a cost effective manner. Both the Los Angeles/ San Diego and the San Francisco/San Jose commute are being supported by a high ridership that produces acceptable operating costs on a per passenger mile basis. The combined ridership of these two lines is 7.5 million passengers and 217 million passenger miles per year. By contrast, the remaining operating lines are receiving marginal public support in terms of ridership and thus reflect unacceptable costs on a per passenger mile basis. These lines, the Los Angeles/Oxnard, the Oakland/Bakersfield and the Sacramento/Los Angeles have a combined annual ridership of only 880 thousand passengers and 95 million annual passenger miles.

The 1983-84 budget, therefore, only includes funding for continuation of the Los Angeles/San Diego and San Francisco/San Jose commute. Elimination of support for the remaining lines is estimated to produce a savings of \$11.1 million.

State Transportation Assistance (Special Transportation Programs)

Chapter 322, Statutes of 1982, appropriated \$90 million for 1982-83 and \$103 million for 1983-84 from the Transportation and Development Account for subvention to local transit operators and transit districts. Originally, approximately \$75 million had been programmed for allocation. However, the threat of federal transportation fund reductions prompted an increase in state funding as an offset. To date,

these federal reductions have failed to materialize. Consequently, the additional \$28 million provided for in 1983-84 is not needed and is proposed for reduction and transfer to the General Fund in the Budget Trailer Bill.

Ridesharing (Special Transportation Programs)

Chapter 502, Statutes of 1982, provides for a transfer of \$6 million on July 1, 1983, from the General Fund to the newly created Ridesharing and Alternative Transportation (R&AT) Fund. This transfer of funds is intended to provide for implementation of ridesharing programs in ur-

banized and nonurbanized areas of the State. Because of pressing General Fund needs, the Budget Trailer Bill recommends deletion of this transfer of funds to the R&AT Fund. It should be noted that the 1983–84 baseline budget for the Department of Transportation still includes \$4.8 million for direct support of ridesharing. In addition, most local jurisdictions also receive ridesharing funds directly from the federal government.

Prior to investing additional resources in ridesharing programs, it would be appropriate to evaluate existing activities to determine to what extent current expenditures are producing efficient and cost effective results.

State Construction Program

Proposals for capital outlay expenditures from various special funds and selected bond funds in the amount of \$521 million are contained in this budget. A variety of projects will be funded including facilities for the three segments of higher education, safety corrections for general office buildings, and safety and population driven projects for correctional facilities, state hospitals, and the Veterans Home.

The funding proposed for these facilities is from tidelands revenues collected by the State Lands Commission, from the New Prison Construction Bond Act, and from other miscellaneous sources.

TIDELANDS REVENUES

In an effort to ensure that sufficient funding is available to carry out necessary capital outlay projects and concurrently to provide the General Fund with the additional revenue needed for the 1983–84 year, the Governor's Budget proposes a revised distribution of tidelands oil revenues. Table 6 reflects the current year appropriations as well as the amounts proposed for 1983–84.

TABLE 6
TIDELANDS OIL REVENUE
DISTRIBUTION (000)s

	1982/83	1983/84
Expenditures	Appropriated	Proposed
State Lands Commission	\$7,719	\$7,498
Sea Grant	400	400
School Lease Purchase		_
California Water Fund	14,710	_
Energy Tax Credits	42,000	_
Off-Highway Vehicle Fund Transfer	1,000	_
Capital Outlay Fund for Public Higher		
Education (COPHE)	71,133	56,715
Energy and Resources Fund (ERF)	64,091	30,098
Special Account for Capital Outlay (SAF-		
CO)	54,725	38,208
Parks and Recreation Fund (SPRF)	12,417	10,081
Transfer to General Fund	-	192,000
Reserve for Cost Increases	$(7,000)^1$	$(1,716)^1$
Total Expenditures	\$368,195	\$335,000

¹ Included in the SAFCO appropriation.

As the preceding table indicates, substantial modifications to existing statutes will be necessary to reasonably carry out the 1983-84 capital outlay program. Key among these is the

proposed one-year elimination of tidelands funding for the school lease program. This proposal is made possible only by the passage in 1982 of the State School Lease Purchase Bond Act which will provide \$200 million in bond supported funding during 1983–84 for the program.

CORRECTIONAL FACILITIES

State Prisons

Population pressures continue to have an impact on California's prison system. More criminals are going to prison and staying for longer periods. As a result of the surge in population, the prison system will require continued expansion of the prison construction program. Chapter 273, Statutes of 1981, created the "New Prison Construction Bond Act of 1981" which received voter approval on the June, 1982 ballot. This measure authorizes \$495 million in state general obligation bonds to finance construction, renovation, remodeling and maintenance of the State's correctional facilities.

This budget includes \$4.5 million for the completion of the Tehachapi complex, and \$134 million for construction of the new Folsom Prison. The Folsom project will provide 1,700 beds and is a prototype design from the Tehachapi project. A second construction program for 8,000 beds is required because of the rapidly increasing population. Many of these 8,000 beds are scheduled to come on line in 1983–84 because this second program contains relocatable facilities and will be built on existing state prison properties.

This budget provides for a total of \$244.5 million for construction which is to be funded from bond proceeds authorized by Chapter 273, Statutes of 1981. Of this amount, \$138.5 million is requested for work on the new facilities at Tehachapi and Folsom, and \$106.0 million is requested for the second group of augmented facilities.

The following is a summary of the projects included in the 1983–84 budget.

TABLE 7 CORRECTIONS 1983–84 CONSTRUCTION PROJECTS

TEHACHAPI—Construction of Units IV-A and IV-B: Support service complex, maximum security; 1,000 beds
beds
FOLSOM-Working Drawings and construction; max-
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
imum security; 1,700 beds
TEMPORARY HOUSING—Acquisition and construction
(statewide) minimum and low medium security; 7,000
beds
RELOCATABLE PRISON—(California Medical Facil-
ity) construction, low medium security; 500 beds 21.2
RELOCATABLE PRISON—(Deuel Vocational Institu-
tion) construction, low medium security; 500 beds 21.2

Local Jails

In the 1981-82 fiscal year, \$40 million was appropriated to the County Jail Capital Expenditure Fund for local jail construction and renovation. Chapter 1351, Statutes of 1980, requires the Board of Corrections to conduct surveys which assess the needs of local correctional/detention facilities. These surveys include review of facilities, incarceration practices, jail population projections, and assistance in development for architectual design/programming. The program is intended to provide local government with reliable data for purposes of making decisions on remodeling or construction of local correctional facilities. In December of 1981, the board awarded \$21 million from the fund to counties for remodeling or construction of jail facilities. The balance remaining was awarded in March of 1982.

For 1983-84, \$100 million is proposed to provide financial assistance to local government for the construction or remodeling of jail facilities which do not meet minimum standards. These funds are provided by the County Jail Capital Expenditure Bond Act placed on the ballot by Chapter 34, Statutes of 1982, which received voter approval (November, 1982) and authorizes up to \$280 million in general obligation bonds to provide financing for the capital outlay needs to jails. These funds will be awarded to local government according to regulations established by the board and approved by the Legislature.

As a result of inspection of local jail facilities, the Board of Corrections estimates a minimum need for approximately \$800 million to bring facilities up to the board's established standards over the next six years. It is expected that the

\$100 million included in this budget will be disbursed to those local governments with the most critical jail overcrowding, health and security needs.

THIRD PARTY FINANCING OF COGENERATION PROJECTS

Not included in the budget are nine proposed electrical cogeneration plants sited on state facilities and funded by private investment. These facilities in total represent a private investment of over \$185 million in construction during 1983-84 and provide a total state benefit over the economic life of the projects of \$766.2 million. These proposals will provide both energy cost savings and income from produced energy which will significantly assist in keeping future operating costs down in 1984-85 and beyond. The manner in which future savings and income will be used has not been decided. Departments should be provided some financial incentive to undertake projects of this nature; however, state priorities will limit their participation. The Administration will work with the Legislature during the coming year to develop appropriate distribution and controls in this area.

The following table represents the nine sites selected for the third party financed cogeneration projects during 1983-84 and the estimated construction costs and potential state benefits, as projected by the State Energy Commission.

TABLE 8 1983–84 THIRD-PARTY COGENERATION PROJECTS

Site	Construction Costs 1	Potential State Benefit ²
Corrections		
Chino	. \$21.8	\$196.9
Corrections		
Soledad	. 3.2	6.4
DDS		
Metropolitan	. 35	87.8
DDS		
Camarillo	. 21.9	177.4
DDS		
Agnews/West	. 21.8	122.3
DDS		
Agnews/East	. 3.5	15
CSU		
San Luis Obispo	. 36	57.9
CSU	. 50	31.5
Northridge	. 34.5	93.1
CSU	. 54.5	73.1
	7.4	0.4
San Jose	. 7.4	9.4

Notes:

¹ Millions in dollars, not discounted (spent during 1983 and 1984).
² Nominal dollars, in millions, projected by Energy Commission.

State and Local Government: A New Partnership

Proposition 13 brought about a significant change in local government finance. Each budget, since Proposition 13, has contained provisions dealing with local government fiscal relief. This has included state assumption of program costs which were formerly a local responsibility, as well as adjustment of the remaining property tax among local jurisdictions. This system has allowed local government to continue to function without severe program reductions.

While most government services have continued, there has been a noticeable change in the relationship between state and local government which has resulted in a centralization of power in the State. This Administration believes that local government, which is closer to and more responsive to the people, should be restored to the position it held prior to Proposition 13.

It is the goal of this Administration to develop a new partnership between state and local government in California. The first step toward this partnership has been taken in this budget with proposals to introduce block grants in certain program areas.

The second step will be the establishment of a task force to review state and local relationships and to propose a plan to fully implement the new partnership. The task force will be composed of government officials and representatives of the private sector.

Its tasks will include the following:

- A review of local funding sources;
- A review of both executive and legislative local mandates; and
- A review of basic program responsibilities of government at all levels.

LOCAL GOVERNMENT FISCAL RELIEF

Local government fiscal relief resulting from the enactment of Proposition 13 in 1978 has increased from \$4.4 billion in 1978-79 to \$5.7 billion in the current year. In 1979, AB 8, a long-term local financing measure, was adopted. It provided funding for the transfer of a portion of school district property taxes to cities, counties and special districts and increased state aid to school districts to make up for lost property tax revenue. In addition, the State assumed certain county costs for health and welfare programs. In recognition of the fact that the State might not have sufficient resources to maintain the level of relief provided in AB 8, the Legislature provided an automatic deflator to reduce the amount of local relief if state revenues did not grow at a given rate.

The AB 8 deflator was amended by SB 102 in 1981 to provide a new base amount in line with current revenue estimates. It also excluded from available revenues the amount required in the budget year to replace federal funding cuts made in the 1981–82 fiscal year.

In 1982, SB 1326 provided reductions to local government in lieu of the deflator which would have reduced subventions to cities and counties by over a billion dollars. SB 1326 provided for a reduction of \$261 million in vehicle license fees in proportion to the AB 8 property tax shift. The amount calculated for each city and county was capped by a specified per capita dollar reduction and limited to the amount of net bailout for each city and county. Enterprise special districts were reduced by \$8 million in business inventory subventions. There was also a shift of the nonfederally eligible caseload for the Aid to Families with Dependent Children-Unemployed Parent program (AFDC-U) from the state-only AFDC-U to the counties. Counties are not required to provide any specific aid, but this group has become a part of each county's general relief program.

These reductions were intended to limit city and county revenue growth to about 6 percent. Because of the decline in the economy, revenue growth was held to about 2.7 percent for cities.

The following is an estimate of the effect of the deflator on local government in 1983–84 under current law.

TABLE 9 AB 8 DEFLATOR ESTIMATED IMPACT 1983-84

	(Dollars in
	Millions)
Base Year Amount	\$21,500
Compounded Percentage Increase (1982 over 1980)	15.5
Adjusted Base Amount	\$24,832
Estimated: General Fund Revenues and Transfers	\$22,179 a
Less AB 66 Revenues	160
Less Replacement of Federal Funds	85
Total	\$21,934
Amount of Reductions Allocable to School and Local	
Government Subventions	\$2,898

^a Does not include the \$300 million transfer of vehicle license fees.

ONE-TIME REDUCTIONS IN LOCAL FISCAL RELIEF

It is proposed that in lieu of activating the deflator, a one-time reduction of \$300 million in local government fiscal relief be made to cities and counties. Of this total, it is proposed that cities be reduced by \$255 million and counties by \$45 million. The proposed method of reduction would be the same formula as the current year reductions.

With the \$255 million reduction to cities, city general purpose revenues will increase by 4.3 percent over 1982–83. This is in due part to the fact that Federal Revenue Sharing ends in October 1983. If it is reenacted, city general purpose revenues would increase by 7.1 percent.

With the \$45 million reduction to counties, general purpose revenues would increase by 3.1 percent. With reenactment of Federal Revenue Sharing it would be 6.2 percent.

It has become increasingly difficult to assess the fiscal condition of counties. The reduction in property taxes resulting from Proposition 13 was offset by a combination of assumption of various health and welfare program costs, direct state funding, and a shift in property taxes from schools to counties. In the years following the AB 8 long-term local financing measure, various adjustments in state subventions and local sharing in health and welfare programs have occurred which make year-to-year comparisons even more difficult.

In analyzing the comparative year-to-year fiscal condition of counties, five areas need to be assessed. They are 1) general purpose revenues, 2) county costs for state defined health and welfare programs, 3) county expenditures for local health and welfare programs, 4) direct court expenditures and 5) court-related expenditures.

General purpose revenues include local general purpose taxes, interest income and fines and penalties. It excludes local fees and charges for services. Only state subventions for general purposes, e.g., tax relief and shared revenues, are included. The only federal funds included are Federal Revenue Sharing funds, since they may be expended for any general purpose.

County costs for state-defined health and welfare programs include those programs where the county has no discretion in costs. A good example is AFDC grants for which the State sets eligibility standards, the grant amount, and the county share of the costs. These program areas are those which have been most greatly affected by post-Proposition 13 decisions. County participation in these programs has changed greatly since 1978. Costs associated with these programs should clearly be used as an offset to county general purpose revenues since there is no discretion in the county expenditure.

County expenditures for local health and welfare programs include expenditures for health and welfare programs which are county responsibilities. Counties are required to provide certain services but have wide latitude in the level of service provided. The major programs are general relief, county hospital services and public health service.

The court system is a major local cost over which the counties have limited control. Those expenditures which are considered direct court costs are superior courts, municipal courts, justice courts, marshals, sheriff costs for civil cases, public defender's office and court-appointed counsel. These costs are more directly controlled by the courts than the county board of supervisors.

Court-related expenditures, including criminal justice costs, are impacted by agencies which are not under the control of the board of supervisors—e.g., city policemen arrest someone who then goes through the county criminal justice system. These costs include sheriff costs for custody (jails, honor farms), district attorney, probation, juvenile hall and other juvenile detention facilities, and the criminal justice share of the county clerk's office.

Local health and welfare program costs, direct court costs, and court-related expenditures are controlled at the local level. Comparing these growth rates to the general purpose revenue growth rate indicates the level of funding available for other governmental programs.

The following tables provide a summary of local government fiscal relief and estimates of unrestricted local government revenues. The data provided show the latest information available and are consistent with the economic assumptions used in the development of the state budget.

TABLE 10 LOCAL FISCAL RELIEF GENERAL FUND COST SUMMARY (In millions)

	1978-79	1979–80	1980-81	1981-82	1982-83	1983–84
Health and Welfare						
AFDC-Family Payments	\$244	\$208	\$259	\$289	\$282	260
Foster Care Payments	79	84	102	112	127	64
Administration	85	- 1	- 12	_	-	_
SSI/SSP	182	207	244	277	310	341
Food Stamp Administration	22	_	_	_	_	
Medi-Cal	459	522	615	699	783	861
County Health Services	-	265	313	363	365	365
Waiver of State Hospital Match	_	6	_	_	_	_
Other	-	17	18	7	8	8
Total	\$1,071	\$1,309	\$1,551	\$1,747	\$1,875	\$1,899
Local Government Property Taxes Shifted from Schools to Other						
Local Government	-	\$781	\$921	\$1,046	\$1,171	\$1,289
One Time Adjustment						
Block Grants:						
Counties	\$424	6	_	_	_	_
Cities	221	8	_	_	_	_
Special Districts	190	_	_	_	_	_
Total	\$835	14				
Reduction in Subventions						
Counties	_	-\$17	_	\$67	-\$53	\$58
Cities	_	-21	_	-157	-258	- 292
Special Districts	_		_	-8	-8	
Total		-\$38		-\$232	-\$319	-\$350
1 (1.01)	_	- \$36	_	- 5232	-3319	- \$330
Schools						
Fiscal Relief, Education	\$2,453	\$3,595	\$3,971	\$4,368	\$4,165	\$4,276
Property Tax shifted to other local governments	_	-781	-921	-1,046	-1,171	-1,289
Total	\$2,453	\$2,814	\$3,050	\$3,322	\$2,994	\$2,987
10141	⊅∠,4 33	⊅ ∠,014	\$3,UJU	\$3,322	DZ,774	\$2,987
Total, Local Fiscal Relief	\$4,359	\$4,880	\$5,522	\$5,883	\$5,721	\$5,825

TABLE 11
SUMMARY OF LOCAL REVENUES BEFORE AND AFTER PROPOSITION 13
(Dollar amounts in millions and expenditures per ADA in dollars)

Property Tax*	Local Agencies	1977–78	1978–79	1979–80	1980-81	1981-82	1982-83	1983-84
Sale Tax	Counties							
Sale Tax	Property Tax a	\$3,247.5	\$1,464.9	\$1,942.1	\$2,253.9	\$2,465.9	\$2,734.8	\$2,951.4
Other Revenues		224.6	246.3		299.6	319.1	317.8	
Other Revenues	Vehicle License Fees	235.5	268.5	318.8	339.2	320.7	328.5	349.3 b
Block Grant	Other Revenues	795.1	976.3	1,114.5	1,171.0	1,196.5	1,177.1	
Less State-Defined Health and Welfare Costs	Block Grant		424.2	-	-	-	_	_
Less State-Defined Health and Welfare Costs	Total	\$4,502.7	\$3,380.2	\$3,657.9	\$4,063.7	\$4,302.2	\$4,558.2	\$4,716.6
Cities	Less State-Defined Health and Welfare							,,,,,,,
Cities	Costs	- 1,476.0	-477.4	-431.6	-521.3	-631.2	-640.2	-678.4
Property Tax	Adjusted Total	\$3,026.7	\$2,902.8	\$3,226.3	\$3,542.4	\$3,671.0	\$3,918.0	\$4,038.2
Property Tax	Cities							
Sales Tax		\$1,177.3	\$572.4	\$798.8	\$955.0	\$1.049.5	\$1,160.0	\$1,252.4
Vehicle License Fees			996.6					
Other Revenues 1,314.5 1,567.8 1,774.4 2,018.5 2,161.0 2,271.4 2,239.2 Block Grant - 220.8 - <			239.8					121.6 b
Block Grant								
Total \$3,580.4 \$3,597.4 \$4,012.8 \$4,502.0 \$4,712.8 \$4,841.5 \$5,051.4 Special Districts Property Tax * \$905.0 \$362.0 \$618.0 \$728.0 \$827.0 \$914.1 1,014.3 Block Grant - 190.0 - - - - - Total \$905.0 \$552.0 \$618.0 \$728.0 \$827.0 \$914.1 \$1,014.3 Education K-12 and County Offices: Property Tax * \$4,925.9 \$2,309.5 \$1,904.3 \$2,174.7 \$2,598.7 \$2,439.2 \$2,623.8 State Assumption of Program Costs - 2,193.0 3,187.0 3,522.0 3,874.0 3,677.3 3,897.9 State Assumption of Program Costs - 2,193.0 3,187.0 3,522.0 3,874.0 3,677.3 3,897.9 State Apportionments 2,394.8 2,659.7 2,788.7 2,376.9 2,050.1 2,473.5 2,408.8 Categorical Aid 47,772.1								
Property Tax a \$905.0 \$362.0 \$618.0 \$728.0 \$827.0 \$914.1 1,014.3		\$3,580.4	\$3,597.4	\$4,012.8	\$4,502.0	\$4,712.8	\$4,841.5	\$5,051.4
Property Tax a \$905.0 \$362.0 \$618.0 \$728.0 \$827.0 \$914.1 1,014.3	Special Districts							
Block Grant		\$905.0	\$362.0	\$618.0	\$728.0	\$827.0	\$914.1	1 014 3
Education \$905.0 \$552.0 \$618.0 \$728.0 \$827.0 \$914.1 \$1,014.3 Education K-12 and County Offices: Property Tax * \$4,925.9 \$2,309.5 \$1,904.3 \$2,174.7 \$2,598.7 \$2,439.2 \$2,623.8 State Assumption of Program Costs - 2,193.0 3,187.0 3,522.0 3,874.0 3,677.3 3,897.9 State Apportionments 2,394.8 2,659.7 2,788.7 2,376.9 2,050.1 2,473.5 2,408.8 Categorical Aid 491.4 566.9 746.2 1,283.3 1,406.8 1,444.2 1,440.4 Total \$7,812.1 \$7,729.1 \$8,626.2 \$9,356.9 \$9,929.6 \$10,034.2 10,370.9 ADA 4,665,905 4,308,671 4,210,271 4,202,791 4,211,441 4,211,600 4,232,400 Expenditures per ADA \$1,674 \$1,794 \$2,049 \$2,226 \$2,358 \$2,383 \$2,450 Community Colleges: Property Tax * \$738.2 <t< td=""><td></td><td></td><td></td><td>Ψ010.0 -</td><td></td><td>-</td><td></td><td>1,014.5</td></t<>				Ψ010.0 -		-		1,014.5
Name				\$618.0		\$827.0		\$1,014.3
Name								
Property Tax a \$4,925.9 \$2,309.5 \$1,904.3 \$2,174.7 \$2,598.7 \$2,439.2 \$2,623.8 State Assumption of Program Costs - 2,193.0 3,187.0 3,522.0 3,874.0 3,677.3 3,897.9 State Apportionments 2,394.8 2,659.7 2,788.7 2,376.9 2,050.1 2,473.5 2,408.8 Categorical Aid 491.4 566.9 746.2 1,283.3 1,406.8 1,444.2 1,440.4 Total \$7,812.1 \$7,7729.1 \$8,626.2 \$9,356.9 \$9,929.6 \$10,034.2 10,370.9 ADA 4,665,905 4,308,671 4,210,271 4,202,791 4,211,441 4,211,600 4,232,400 Expenditures per ADA \$1,674 \$1,794 \$2,049 \$2,226 \$2,358 \$2,383 \$2,450 Community Colleges: Property Tax a \$738.2 \$330.8 \$268.6 \$305.8 \$403.1 \$382.1 412.4 Proposed Fees - - - - - -								
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Total \$7,812.1 \$7,729.1 \$8,626.2 \$9,356.9 \$9,929.6 \$10,034.2 10,370.9 ADA \$4,665,905 \$4,308,671 \$4,210,271 \$4,202,791 \$4,211,441 \$4,211,600 \$4,232,400 Expenditures per ADA \$1,674 \$1,794 \$2,049 \$2,226 \$2,358 \$2,383 \$2,450 \$1,000 \$1,000 \$1,6704 \$1,794 \$2,049 \$2,226 \$2,358 \$2,383 \$2,450 \$1,000 \$1,0								
ADA								
Expenditures per ADA	Total	\$7,812.1	\$7,729.1	\$8,626.2	\$9,356.9	\$9,929.6	\$10,034.2	10,370.9
Community Colleges: Property Tax * \$738.2 \$330.8 \$268.6 \$305.8 \$403.1 \$382.1 412.4 Proposed Fees - - - - - 109.5 State Assumption of Program Costs - 260.0 408.0 448.8 493.7 488.1 378.4 State Apportionments 462.8 524.7 547.8 594.5 544.8 536.8 506.5 Categorical Aid 22.7 28.0 37.0 40.7 43.9 50.4 51.4 Total \$1,223.7 \$1,143.5 \$1,261.4 \$1,389.8 \$1,485.5 \$1,457.4 1,453.2 ADA 718,303 634,895 670,115 722,727 735,154 716,704 716,704	ADA	4,665,905	4,308,671	4,210,271	4,202,791	4,211,441	4,211,600	4,232,400
Property Tax * \$738.2 \$330.8 \$268.6 \$305.8 \$403.1 \$382.1 412.4 Proposed Fees - - - - - - 109.5 State Assumption of Program Costs - 260.0 408.0 448.8 493.7 488.1 378.4 State Apportionments 462.8 524.7 547.8 594.5 544.8 536.8 506.5 Categorical Aid 22.7 28.0 37.0 40.7 43.9 50.4 51.4 Total \$1,223.7 \$1,143.5 \$1,261.4 \$1,389.8 \$1,485.5 \$1,457.4 1,453.2 ADA 718,303 634,895 670,115 722,727 735,154 716,704 716,704	Expenditures per ADA	\$1,674	\$1,794	\$2,049	\$2,226	\$2,358	\$2,383	\$2,450
Property Tax * \$738.2 \$330.8 \$268.6 \$305.8 \$403.1 \$382.1 412.4 Proposed Fees - - - - - - 109.5 State Assumption of Program Costs - 260.0 408.0 448.8 493.7 488.1 378.4 State Apportionments 462.8 524.7 547.8 594.5 544.8 536.8 506.5 Categorical Aid 22.7 28.0 37.0 40.7 43.9 50.4 51.4 Total \$1,223.7 \$1,143.5 \$1,261.4 \$1,389.8 \$1,485.5 \$1,457.4 1,453.2 ADA 718,303 634,895 670,115 722,727 735,154 716,704 716,704	Community Colleges:							
Proposed Fees - - - - - 109.5 State Assumption of Program Costs - 260.0 408.0 448.8 493.7 488.1 378.4 State Apportionments 462.8 524.7 547.8 594.5 544.8 536.8 506.5 Categorical Aid 22.7 28.0 37.0 40.7 43.9 50.4 51.4 Total \$1,223.7 \$1,143.5 \$1,261.4 \$1,389.8 \$1,485.5 \$1,457.4 1,453.2 ADA 718,303 634,895 670,115 722,727 735,154 716,704 716,704		\$738.2	\$330.8	\$268.6	\$305.8	\$403.1	\$382.1	412.4
State Assumption of Program Costs - 260.0 408.0 448.8 493.7 488.1 378.4 State Apportionments 462.8 524.7 547.8 594.5 544.8 536.8 506.5 Categorical Aid 22.7 28.0 37.0 40.7 43.9 50.4 51.4 Total \$1,223.7 \$1,143.5 \$1,261.4 \$1,389.8 \$1,485.5 \$1,457.4 1,453.2 ADA 718,303 634,895 670,115 722,727 735,154 716,704 716,704		_	_	_	_	_	_	109.5
State Apportionments 462.8 524.7 547.8 594.5 544.8 536.8 506.5 Categorical Aid 22.7 28.0 37.0 40.7 43.9 50.4 51.4 Total \$1,223.7 \$1,143.5 \$1,261.4 \$1,389.8 \$1,485.5 \$1,457.4 1,453.2 ADA 718,303 634,895 670,115 722,727 735,154 716,704 716,704		_	260.0	408.0	448.8	493.7	488.1	378.4
Categorical Aid 22.7 28.0 37.0 40.7 43.9 50.4 51.4 Total \$1,223.7 \$1,143.5 \$1,261.4 \$1,389.8 \$1,485.5 \$1,457.4 1,453.2 ADA 718,303 634,895 670,115 722,727 735,154 716,704 716,704		462.8	524.7	547.8	594.5	544.8	536.8	506.5
ADA		22.7	28.0	37.0	40.7	43.9	50.4	51.4
ADA	Total	\$1,223.7	\$1,143.5	\$1,261.4	\$1,389.8	\$1,485.5	\$1,457.4	1,453.2
	Expenditures per ADA	\$1,704	\$1,801	\$1,882	\$1,923	\$2,021	\$2,033	

^a Property tax revenue includes reimbursement for the Homeowners' and Business Inventory Exemptions.

^b Reduced by \$45 million for counties and \$255 million for cities for the proposed reduction in vehicle license fees.

Local Assistance

There has been increasing interest in the comparative growth of government since enactment of Proposition 13 in 1978. To better represent what has happened to the state budget we are presenting this modified display of local assistance expenditures.

The display includes three major categories: 1) assistance to individuals, 2) payments to service providers, and 3) payments to local government. The payments to local government are divided into general purpose and restricted.

Assistance to individuals includes grants to individuals such as SSI/SSP or AFDC payments. In addition, several tax relief programs which provide assistance directly to individuals such as the renters credit program are included. Also included in this category are indirect payments to individuals for tax relief programs such as the homeowners' exemption. Payments in

that program are made to local governments to reimburse them for the property tax loss incurred through the exemption.

Payments to service providers include expenditures for services provided by agencies other than the State. These payments could be to counties or to private contractors.

Payments to local government include expenditures which are sent directly to counties for specific programs or reimbursements for legislative mandates. There may be only a fine distinction in some programs between payment to service providers and restricted payments to local government.

The general purpose payments to local government category include payments where the funds can be used for any general government purpose.

The following table shows General Fund expenditures these categories for past, current and budget years.

TABLE 12 LOCAL ASSISTANCE EXPENDITURES (In Thousands)

	1981–82	1982-83	1983–84		1981-82	1982-83	1983–84
Assistance to Individuals				Health and Welfare			
Health and Welfare				Department of Health Services:			
SSI/SSP Grants	\$1,220,333	\$1,104,161	\$1,021,772	Public Health Services for Local			
AFDC Grants	1,349,088	1,327,672	1,174,669	Agencies	422,287	490,126	829,468
Special Adult Programs	2,046	1,708	1,708	Local Mandates	102	23	_
Office of Statewide Health Planning	3,994	3,655	3,180	Public Health Block Grant	-	-	103,085
Total	\$2,575,461	\$2,437,196	\$2,201,329	Department of Social Services			
	,			County Administration	103,785	99,352	109,489
Tax Relief				Legislative Mandate	80	-	-
Personal Property Tax Relief	467,174	503,625	511.613	Youth and Adult Correctional	113,586	71,824	71,664
Homeowners' Tax Relief	334,066	334,500	336,000	Education			
Senior Citizens' Property Tax Assist-		,	,	K-12 Categoricals	1,879,147	1,945,846	1,964,963
ance	14,612	11,500	11,000	K-12 Local Mandate	13,458	27,386	-
Senior Citizens' Property Tax Deferral	5,596	6,093	7,150	Contribution to Teachers Retirement			
Senior Citizens Renters' Tax Relief	47,651	44,300	43,300	Fund	235,491	235,491	191,313
Renters' Tax Relief	424,713	456,000	464,000	School Facilities Aid	60,800	-18,892	
	\$1,293,812	\$1,356,018	\$1,373,063	Community College Categoricals	43,690	43,915	45,208
Total				Other Governmental Units	44,909	28,412	20,261
Student Aid Commission	78,420 ª	77,795 *	79,325	Shared Revenues—Tidelands	404	400	400
California Arts Council	2,121	1,513	7,684	Unclassified Local Mandates			75,047
Total, Assistance to Individuals	\$3,949,814	\$3,872,622	\$3,661,401	Total—Restricted	\$2,995,409	\$3,009,957	\$3,480,718
				General Purposes			
Payments to Service Providers				Education			
Health and Welfare				K-12 Apportionments	5,375,871	5,584,314	5,729,621
Department of Aging	-	3,692	6,312	Community College Apportionments	1,025,751	1,020,819	881,043
Department of Alcohol and Drug				Other Governmental Units			
Abuse	20.000	22.222	20 (2)	Tax Relief			
Alcohol Program	32,303	32,223	32,636	Open Space	13,713	13,000	13,000
Drug Program	28,309	29,702	29,702	Subventions for Revenue Loss	4,616	2,497	3,969
Department of Health Services	25.022	12 (22		Substandard Housing	54	36	110
California Children Services	35,233	43,622	- 020 007	Local Agency Reimbursement			
Medi-Cal Assistance Program	2,610,218	2,672,760	2,039,997	Fund	-	10,000	-
DDS-Disability Determination Pro-	ent 000	504.054	C4C 177	Proposition 13 Fiscal Relief	<u>-9,854</u>	-654	
gram	521,892	524,254	545,177	Total—General Purpose	\$6,410,151	\$6,630,012	\$6,627,743
Mental Health Services	495,707	459,890	460,995	Total Payments to Local Gov-			
Social Service Programs	175,132	177,976	173,098	ernment	\$9,405,560	\$9,639,969	\$10,108,461
Community Care Licensing	8,756	8,315	2,963	Estimated Unidentifiable Sav-	45,105,500	97,037,707	\$10,100,401
Total, Payments to Service Providers	\$3,907,550	\$3,952,434	\$3,290,880	ings	_	-30.000	-40.000
Description to Local Government				Total, General Fund Local Assistance \$1	7,262,924 a \$1	,	\$17,020,742
Payments to Local Government						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,
Restricted:	54,175	64,679	60,045	8 Totals differ from Schodule 2 b	C4 - 3		
Legislative/Judicial/Executive	7,151	8,711	420	^a Totals differ from Schedule 3 becau are included as State Operations	for 1081 92	and 1002	ssion grants
State and Consumer Services	4,432	8,355	7,075	ule 3.	101 1981-82	and 1982-1	so in sched-
Business/Transportation/Housing	11,912	4,329	2,280	b Included in departmental budgets	in 1981–82	and 1982_8	13
Resources	11,712	4,347	2,200	m copulment oudgon	1701 02	una 1702-0	,,,,

Other Special Presentations

FINANCIAL LEGISLATION

Unfunded Financial Legislation

The Legislature enacted various expenditure measures during the 1982 Session which have an impact in the budget year. The expenditures resulting from measures which included specific appropriations are reflected in the budgets of the various departments in the traditional manner. Given the present fiscal crisis, we have generally not incorporated costs for unfunded legislation enacted separately from the budget. It is anticipated that the Legislature will reconsider these measures in view of their costs and the 1982-83 budget's projected deficit.

The following is a description of each of these measures and its estimated cost in 1983-84, if known:

TABLE 13 UNFUNDED FINANCIAL LEGISLATION (Dollars in Millions)

 Foundation program for support of public libraries Cost-of-living adjustment for certain STRS recipi- 	\$25.5
ents	20.5
Reimbursement of desegregation costs	20.0
• Funding for child abuse prevention programs	9.4
• Exemption of graduate students from nonresident	
tuition	1.2
• Sales tax refunds related to custom computer pro-	
grams	1.2
• Inclusion of timber tax revenues in school appor-	
tionment computations	1.0
• Verifying immunization status of transfer pupils	0.5
Collecting data on birth defects	0.4
• Use of "Regional Occupational Program" funds	• • • • • • • • • • • • • • • • • • • •
for capital outlay	0.3
• Extension of "welfare" exemption to certain open	0.5
space lands	0.1
• "Home to school" transportation entitlement for	0.1
Redding School District	0.1
	\$80.2
Total	\$80.2
• Other "home to school" transportation entitle-	
ment revisions	Unknown
	Olikhown
Revisions to special education program requirements	Unknown
	Chknown
 State mandated county costs of returning certain mobilehomes from tax rolls to vehicle license fees 	Unknown
modulenomes from tax folls to venicle license fees	Uliknown

Future Financial Legislation

In order to fund the first year costs of legislation likely to be enacted during 1983-84, a reserve in the amount of \$150 million has been established within the surplus of this budget. That amount is shown in the "General Budget

Summary" (Schedule 1) as a reserve for future legislation. It represents that portion of the budget which has been reserved for the cost of legislation deemed by the Legislature to be the highest priority.

PROPOSED LEGISLATION TO IMPROVE CASH MANAGEMENT

Due to the imbalance of cash income and outgo, the General Fund has been borrowing from both internal and external sources to meet its cash demands. The Administration will be proposing the following legislation to help the State manage its cash:

Expenditures—Personal Property Tax

Under current law the entire Personal Property Tax subvention is made on November 15 of each year. It is proposed that this subvention be made in 12 installments starting in July.

Revenues

Sales Tax

Under current law, there is an acceleration of tax payments during June of each year for retail establishments with sales of over \$17,000 a month. It is proposed to extend this acceleration to March, September, and December each year. In addition, it is proposed to require estimated and final return tax payments to be made on the 15th of the month rather than the last day.

Motor Vehicle Fuel Tax

Under current law the Motor Vehicle Fuel Tax is paid to the State one month and one day after distribution of fuel by wholesalers. It is proposed that payment be made 15 days after distribution. This treatment will also be proposed for the Use Fuel Tax (diesel).

Additional changes will be required but will not be proposed until there is consultation with taxpayer and service provider groups.

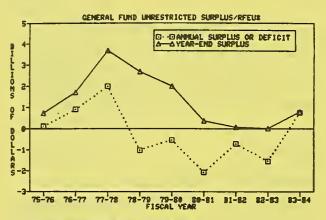
RESERVE FOR ECONOMIC UNCERTAINTIES

The Reserve for Economic Uncertainties (REFU) was established in 1980 to provide a source of funds to meet State General Fund obligations in the event of a decline in revenues or an unanticipated increase in expenditures.

The budget as enacted for 1982–83 included a Reserve for Economic Uncertainties as of June 30, 1983 of \$464 million. This reserve is currently projected to be a deficit of \$1.5 billion as a result of major revenue shortfalls and expenditure increases.

The 1983-84 budget as proposed includes a reserve of \$650 million which equates to 3 percent of the 1983-84 proposed expenditures.

Figure 7 that follows reflects the year-end unrestricted surplus in the General Fund as compared to the annual surplus or deficit.



WITH LEGISLATIVE ACTION IN 1982-83

FEDERAL PROGRAMS

Federal Budget Changes

We are now in the third year of the institution of major changes in the method and level in which federal funding is provided to states. The federal administration's objective has been to reduce the federal role in activities believed to be more appropriately undertaken by state and local government. In California, the State is realizing a decrease in federal financial support for some programs but in the process has gained new administrative discretion. Such discretion has allowed the State to focus on those persons who are most needy.

Although federal spending reductions have generated costs to the State in some program areas, the overall effect has been a savings to the State since programs—particularly the high cost public assistance programs—have been narrowed in scope to serve primarily those persons who have no resources available to them other than the State. This has allowed the State to continue to provide public assistance benefits to over 1.6 million persons while restricting benefits to specified persons who are employable, authorizing alternative forms of medical care when it is less costly than pre-established methods, and generally providing the State with the latitude and incentive to modify programs so that both state and federal costs are reduced.

It is estimated that for health and welfare programs, the State will lose approximately \$350 million in federal financial participation as a result of two bills that Congress passed this year, HR 4961 (PL 97-248) and HR 6955 (PL 97-253). In addition, there will be reductions in the amount of federal financial participation that is available for housing assistance programs, water projects, community development programs, farm price supports, the special milk program for children, and student financial assistance (much of this funding is provided directly to local government and individuals).

The major federal fund reductions occurred in 1981–82, however, as a result of the Federal Omnibus Budget Reconciliation Act of 1981 (PL 97-35). The primary programs which felt the impact were in the health and welfare area although transportation, housing, education, resource and other programs experienced federal fund losses. Examples of program reductions resulting from the 1981 Omnibus Budget Reconciliation Act follow:

- Medi-Cal: \$29 million in costs were shifted from the federal government to the State as a result of a reduced federal share in Medi-Cal program costs. The federal fund shift is estimated to be \$77 million in 1982-83 and \$89 million in 1983-84.
- Aid to Families with Dependent Children (AFDC): Benefits were reduced for 330,000 persons out of a total of 1,500,000 AFDC recipients and 122,000 persons were eliminated from the program. In 1982–83, an additional 1,400 persons will be eliminated.

nated from the program and 520,000 will receive reduced benefits under HR 4961.

- Food stamps: Benefits for all households receiving food stamps were reduced and benefits were eliminated for 16,500 households. During 1982–83, under HR 6955 an additional 9,000 households per month will lose their benefits entirely.
- Jobs: Some 63,000 entry-level jobs, job placements and youth employment slots were eliminated.

Legislation (HR 6211-5 cent vehicle fuel tax) that was supported by the federal administration to provide additional funds to states also passed this year. It is projected that the bill will generate \$5.5 billion in national revenues which will be allocated to states for highways and mass transit. Preliminary estimates indicate California should receive over \$250 million in formula funds during the first full year of implementation the additional amount of discretionary and mass transit funds is unknown. There will be a required state match of approximately \$30 million which the State may be able to defer for one or two years. One of the deficiencies of this legislation is that the funding will be provided primarily for new construction and new development when the State's greatest need is for operational and maintenance costs.

It should be noted that the federal budget process is quite different and considerably more complex than California's budget process. The procedural differences are compounded by the fact that the federal fiscal year runs from October 1 to September 30 whereas the state fiscal year runs from July 1 to June 30. Further, the late timing of Congressional budget decisions makes it difficult to assess what California's allocation of federal funds will be until the State is well into its own fiscal year.

Federal Block Grants

The Federal Omnibus Budget Reconciliation Act of 1981 consolidated over 50 categorical aid programs into nine block grants. In 1981–82, the funding for these block grants averaged a 25 percent reduction over the prior years' funding for the individual programs. In the current year, the national funding for these grants will remain, on the average, at the 1982 level. The federal administration's position on block grants is that the states should be free to target resources and design administrative mechanisms to meet their service needs. Although not all of the federal block grant regulations have been completed, it is expected that the State will have increased flexibility in administering these programs.

In 1981-82, AB 2185 (Chapter 1186, Statutes of 1981) directed that the State take over two block grants, Title XX and Low Income Home Energy Assistance. The bill also established a Statewide Block Grant Advisory Task Force to advise the Legislature and Governor on the use and administration of federal block grant funds (the education block grant was reviewed by a separate task force and was accepted by the State in 1982-83). AB 3295 (Chapter 1343, Statutes of 1982) accepted for the State the Alcohol, Drug Abuse, and Mental Health; Community Services: Maternal and Child Health; Preventive Health: and Community Development/Small Cities block grants. The Primary Care block grant was not recommended for acceptance since state assumption would have required a General Fund match. The attention to federal law and regulation changes has enabled the State to be responsive to the block grant funding mechanism, thereby minimizing the impact upon persons served.

It appears that the federal administration will continue to propose the establishment of federal block grants. Block grants may be proposed for welfare and food stamps administration, for a variety of education, jobs, energy, sewer and social programs, and (having an impact on local government) for general revenue sharing, community development, airports and urban transportation.





Legislative, Judicial, and Executive



State and Consumer Services



Business, Transportation and Housing



Resources



Health and Wellare



Youth and Adult Correctional



Education



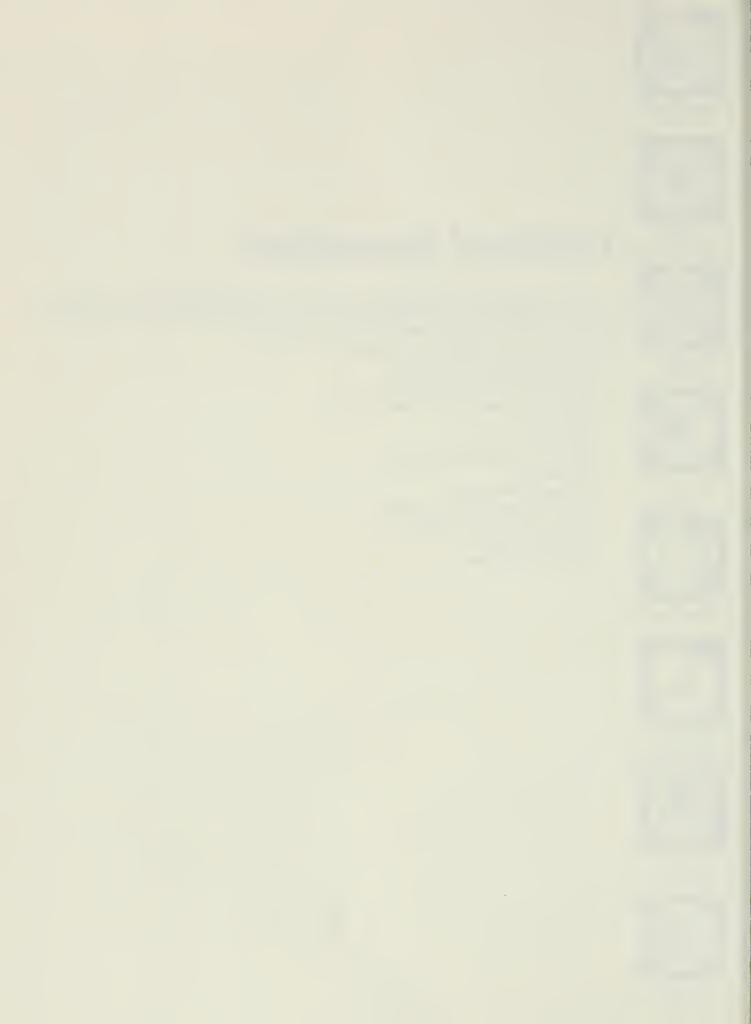
General Government

Traditional Presentations

The following pages include highlights which have traditionally been included in the Governor's Budget. These highlights summarize the significant issues and changes which are included in the detailed departmental presentations.

TRADITIONAL PRESENTATIONS

Legislative/Judicial/Executive
State and Consumer Services
Business, Transportation and Housing
Resources
Health and Welfare
Youth and Adult Correctional
Education
General Government
State-Mandated Local Programs
State Construction Program
Tax Expenditures
Revenue Estimates



Traditional Presentations



JUDICIAL

Article VI of the Constitution creates the Supreme Court and the Courts of Appeal to exercise the judicial power of the State at the appellate level. In addition, the Article establishes the Judicial Council to administer the State's judicial system.

Current Accomplishments

The 1982–83 budget provided \$5.3 million for 18 new appellate judges and the three new court locations authorized by Chapter 959, Statutes of 1981. Expansion of the appellate courts was delayed, however, as a result of a court injunction against Chapter 959. In November of 1982, the Supreme Court dismissed the injunction, permitting establishment of the judgeships and the new court sites.

Proposed Budget

Recognizing the importance and independence of each appellate court district, the 1983–84 Governor's Budget provides separate line-item budget displays for each district. Identification of each appellate court's budgetary needs will permit the Legislature to interact more directly with the individual concerns of the districts. A single appropriation for the Judiciary is still proposed and the Judicial Council will continue to provide administrative support to the appellate districts.

The budget provides an increase of \$4.5 million for court-appointed attorney fees for the

Legislative, Judicial, and Executive

Courts of Appeal and the Supreme Court. Of this, \$1.5 million is to handle workload which no longer will be transferred to the State Public Defender. (The State Public Defender will be funded only for capital and the most serious non-capital offense cases.) The remaining \$3 million is for routine workload increases and for an adjustment in the rate of compensation paid to court-appointed attorneys. Of the \$4.5 million, \$647,000 is for the Supreme Court and the balance is distributed among the appellate districts.

The 1983–84 budget also proposes \$2.3 million for 54 law clerks and a writ attorney for the Courts of Appeal, \$.5 million for 17 clerical and other appellate support staff, \$165,000 and four positions for an Expedited Appeal Program to substitute oral arguments for written briefs whenever feasible, \$242,000 to improve the central law libraries of the Courts of Appeal, and \$56,000 and six positions for administrative support in the Judicial Council.

SALARIES OF SUPERIOR COURT JUDGES

The purpose of this program is to provide for the State's share of the salaries for 657 superior court judges and the State's share of health and dental benefits for those superior court judges enrolled in a State health plan.

Proposed Budget

Legislation was enacted during the 1982 Legislative Session which authorized the establish-

ment of 15 new superior court judgeship positions for a total of 657 superior court judges. Included in the 1983-84 budget is \$810,000 for the State's share of the salaries for these 15 additional judgeships. However, both that amount and the amount budgeted for the 642 other judges' salaries have been reduced by two percent, or \$711,000, to reflect the savings in this item due to judgeships being vacant for various reasons during each fiscal year. Language in prior budget acts allowed the Chief Justice of the Supreme Court to use these savings to pay the salaries of persons temporarily assigned as superior court judges to handle workload. The 1983-84 Budget Bill, as introduced, does not contain that language. Instead, it is proposed that the special item of expense in the Judicial Council's budget provided specifically for this purpose be the sole source of funding for assigned judges.

STATE BLOCK GRANTS FOR SUPERIOR COURT JUDGESHIPS

The purpose of this program is to provide assistance to counties for costs associated with establishment of new superior court judgeships. This assistance is in addition to the subventions for judges salaries.

Proposed Budget

Prior budget acts provided a \$60,000 block grant for virtually each superior court judgeship created since 1973. Language in the legislation creating seven of the 15 judgeships created in 1982 specifically prohibits such block grants.

In order to provide equal treatment for all judgeships created since 1973, the funds authorized by the Legislature have been apportioned based upon all authorized judgeships, resulting in grants of \$57,455 rather than \$60,000. It is proposed in the trailer bill to the budget bill that the prohibition against block grants for the seven judgeships be eliminated.

OFFICE PLANNING AND RESEARCH

The Office of Planning and Research (OPR) was established within the Governor's Office to facilitate the Administration's decision-making process through planning and research and to act as the Governor's liaison with local government. Because OPR provides staff support to the

Governor, the specific structure of the office must be shaped by each governor to serve the commitment and direction of his administration.

Proposed Budget

An examination of OPR's program responsibilities by the new administration is currently in progress. In the interim, the office is being presented as a continuation of the current level of funding and personnel, and with this budget display the administration neither accepts nor rejects the current program breakdown and activities of the office. Details on the purpose and functions of this office will be forthcoming prior to legislative budget hearings. Examples of the type of activities considered for this office in the future include provision of support to the Commission on Industrial Innovation and performance of a variety of coastal planning functions that have been eliminated from the Coastal Commission.

OFFICE OF EMERGENCY SERVICES

The Office of Emergency Services' primary goal is to coordinate the State's emergency support services during disaster incidents in order to save lives, minimize property losses, and facilitate the recovery process.

Proposed Budget

The 1983-84 budget reinstates the twenty year replacement program for the State's mutual aid fire trucks. The 100 fire trucks are a major part of the state/local mutual aid program which provides vital reserve fire fighting capacity. In this program, the State purchases the equipment and local fire districts house the trucks and provide free manpower to operate them when called upon by the Office of Emergency Services. In a major fire, these vehicles can be deployed anywhere in the State and have been a significant factor in reducing loss of life and property in such recent disasters as the Southern California fires of October, 1982.

Fourteen of the 100 trucks are 19 years or older and are experiencing major maintenance problems. The 1983–84 budget therefore provides for an annual replacement program beginning with \$467,000 for five new trucks.

OFFICE OF ECONOMIC OPPORTUNITY

Chapter 819, Statutes of 1981 (AB 596), transferred the Office of Economic Opportunity (OEO) from the Employment Development Department and placed it within the Governor's Office effective January 1, 1982. OEO is charged with the coordination of services that aim to alleviate poverty in California. OEO administers federal weatherization grants from the Department of Energy, the federal Community Services Block Grant Program, and the 1982–83 federal Low Income Home Energy Assistance Program.

Proposed Budget

The 1983-84 budget proposes to transfer the \$80.2 million federal block grant for the Low Income Home Energy Assistance Program (LI-HEAP) from OEO to the Department of Social Services (DSS). The intent of the transfer is to reduce the administrative costs of the program by utilizing benefit distribution systems currently in place in DSS and to pass the savings on to program recipients. OEO retains the responsibility for administering the Community Services Block Grant of \$28.6 million which provides a wide range of services to assist low income people.

OFFICE OF CALIFORNIA/MEXICO AFFAIRS

Established by Chapter 1197, Statutes of 1982, as the successor agency to the Commission of the Californias and the Southwest Border Regional Commission, the Office of California/Mexico Affairs assumed the full responsibilities of each agency effective January 1, 1983. The basic mission of the office is to promote favorable economic, educational and cultural relations with the State of Baja California, the State of Baja Sur and other Mexican states bordering on the United States.

Proposed Budget

The 1983-84 budget proposes \$200,000 from the General Fund for support of California's international relations with the northern states of Mexico.

CALIFORNIA STATE WORLD TRADE COMMISSION

The California State World Trade Commission was established effective January 1, 1983 by

Chapter 1526, Statutes of 1982 to encourage international trade, tourism, and development. The commission is to be governed by leading representatives of California government and private industry and will serve as the official representative of the State of California to foreign governments and representatives. The Secretary of State chairs the commission.

Proposed Budget

The 1983-84 Governor's Budget proposes \$463,000 for the support of the commission.

OTHER AGENCIES WITHIN THE GOVERNOR'S OFFICE

In order to streamline governmental activities and eliminate extra layers of bureaucracy the Governor's Budget proposes abolishing two agencies that had previously been authorized within the Governor's Office. The Governor's Council on Wellness and Fitness is recommended for elimination with selected functions of this office to be assumed by the Department of Health Services. The functions of the Office for Citizen Initiative and Voluntary Action can be performed more efficiently if the office is terminated as a separate budget entity with the director (an executive on loan from private enterprise) working directly out of the Governor's Office.

DEPARTMENT OF JUSTICE

The Department of Justice, through the constitutional office of the Attorney General, is responsible for ensuring the uniform interpretation and enforcement of laws and for representing the State in civil and criminal proceedings.

Proposed Budget

As a result of a Superior Court decision, the Department of Justice (DOJ) will initiate a four year project in 1983–84 to purge specified marijuana arrest and conviction data from the department's criminal history files. This effort requires manually deleting information from each record at the time a copy of the record is released to a local law enforcement agency. The program adds 77 positions and \$1.4 million to the department's budget.

In 1983-84, the Federal Bureau of Investiga-

tion (FBI) is reestablishing its fingerprint program. DOJ will participate in the program by forwarding to the FBI the fingerprint identification requests submitted by local agencies, retaining one dollar of the \$12 fee to support three administrative positions for the program.

The 1983-84 budget also redirects General Fund savings from the conversion of 20 civil law attorneys to 20 paralegal positions to support workload increases in the non-criminal programs of the department.

STATE CONTROLLER

The State Controller provides fiscal control over receipt and disbursement of public funds and reports the financial operations and conditions of the State and local government. Programs administered by the State Controller include Estate Tax, Senior Citizens' Property Tax Postponement, Unclaimed Property and various programs relating to local fiscal affairs.

Proposed Budget

The 1983-84 budget for the State Controller reflects a reduced spending level over 1982-83 due to passage of Proposition 6 on the June 1982 ballot which eliminated the Inheritance and Gift Taxes (IGT), a program administered by the Controller. The ballot proposition also enacted an Estate Tax which is administered by the Controller pursuant to Chapter 327, Statutes of 1982. Due to a backlog of IGT workload, 20 positions are continued for one year only. Ten positions are proposed for continuation for workload associated with the Howard Hughes estate, and 21 positions are proposed for administering the Estate Tax. The budget reflects inreimbursements for audit checkwrite activities and contains funds for Unclaimed Property advertising.

BOARD OF EQUALIZATION

The Board of Equalization administers state

and local business and property taxes, cigarette taxes, insurance tax, energy and telephone surcharges, timber yield tax, private car tax, public utility valuation, and guides local government in the administration of the property tax. The board also acts as an appellate body for appeals of taxes administered by the Board of Equalization and the Franchise Tax Board.

Proposed Budget

The 1983-84 budget provides \$102,783,000 for the Board of Equalization. The budget proposes an augmentation of \$2.6 million in reimbursements from local government for administering the transit taxes for the Los Angeles County Transportation Commission, San Mateo County Transit District, and redevelopment area taxes.

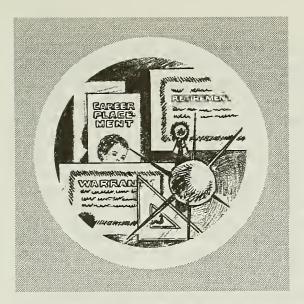
SECRETARY OF STATE

The Secretary of State is the constitutional officer responsible for the examination, recording, and filing of a variety of public and private sector documents. The Secretary of State also administers and enforces election laws, appoints notary publics, and preserves records having historical significance.

Proposed Budget

The 1982-83 budget provided \$1.1 million for the new Limited Partnership Program effective January 1, 1983 (Chapter 807, Statutes of 1981). Chapter 997, Statutes of 1982, subsequently changed the effective date of the program to January 1, 1984. Consequently, the office will revert the current year appropriation for the program, less minor start-up expenses, to the General Fund.

When implemented in 1984, the program will assist citizens in obtaining information on limited partnerships in California by providing a single location for document filing. General Fund revenues from filing fees will exceed the cost of program operations.



State and Consumer Services

MUSEUM OF SCIENCE AND INDUSTRY

The Museum of Science and Industry is responsible for the development and operation of the entire Exposition Park Complex. It oversees a series of exhibits and associated educational programs which are held within its facilities and operates the parking facilities for visitors to the park, the museum, and the Los Angeles Coliseum and Sports Arena.

Proposed Budget

The Mark Taper Hall of Economics and Finance will be opening in 1982–83 and the California Museum of Afro-American History and Culture, and Aerospace Science Building are scheduled to open in June of 1984. Preparation of exhibits, development of an educational program, and maintenance for these new facilities will require staff increases in 1983–84.

The incidence of serious criminal activity in Exposition Park, where the museum is located, is growing beyond the capabilities of the security staff of the museum who are not trained peace officers. An additional \$679,000 is provided in 1983-84 to allow for contracting with an organization that can provide qualified peace officers.

CONSUMER AFFAIRS

The Department of Consumer Affairs objectives are to protect and represent consumer rights and interest and to ensure high standards of practice in the professions represented by the boards and bureaus within the department.

Proposed Budget

The budget of the Bureau of Automotive Repair includes 229.9 additional personnel years to implement SB 33 (Chapter 892, Statutes of 1982) which requires biennial vehicle smog inspections in six air basins in the State which currently do not meet federal ambient air quality standards. This new program will replace by March, 1984 the change of ownership inspection program now in effect. This program is financed by a \$6 inspection fee.

DEPARTMENT OF GENERAL SERVICES

The Department of General Services is responsible for providing centralized supportive services to other state departments and for increasing effectiveness and economy in the administration of state government by establishing and improving statewide standards and guidelines and by implementing constructive changes in governmental policies and procedures.

Proposed Budget

The department's budget includes 24.1 personnel years to provide necessary maintenance and custodial services to new state buildings in Santa Rosa and Site 1C in Sacramento. The budget also includes 12 personnel years for the California State Police to provide protection for the new buildings in Santa Rosa and Van Nuys.

The budget includes reductions of 57.8 personnel years due to reduced workload in the Real Estate Division and the Office of Local Assistance and in order to improve productivity in the Communications Division, Insurance Office, State Printing Plant, and Legal Office.

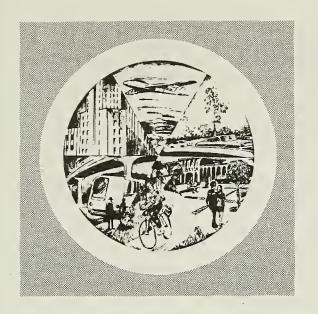
PUBLIC EMPLOYEES' RETIREMENT SYSTEM/STATE TEACHERS' RETIREMENT SYSTEM

The Public Employees' Retirement System (PERS) pays benefits to and administers the retirement trust funds for constitutional officers of the State, members of the Legislature, judges, volunteer firefighters, state employees, classified school employees, and other public employees whose employers have contracted for benefits offered by the system.

The objectives of the State Teachers' Retirement System (STRS) are to develop and maintain a retirement system for a qualified body of career teachers in the California public schools; to determine and compute benefits for members and beneficiaries; to provide a financially sound plan for the funding of all approved benefits; and to administer the State Teachers' Retirement Trust Fund.

Proposed Budget

Chapter 1434, Statutes of 1982 (AB 3163), prohibits the State Teachers' Retirement System from contracting with the Public Employees' Retirement System for investment services after July 1, 1983. Neither STRS nor PERS submitted proposals for the implementation of this mandate in time for consideration in development of the 1983-84 budget. Since legislative concurrence is necessary for the establishment of new positions and appropriation of necessary funds, full implementation of a new investment unit in STRS on July 1, 1983 does not appear possible. Therefore, language has been included in the trailer bill to the budget bill to delay the separation of the investment functions until January 1, 1984. This will allow for approval of an organizational structure, staffing level and time to recruit employees.



Business, Transportation and Housing Agency

California residents and visitors benefit directly from the State's interest in 1) promoting a sound financial and business community while protecting the public from economic loss and illegal or unethical business practices, 2) providing efficient, rapid, and safe movement of people and goods, and 3) assisting in the development of affordable housing. These three broad areas are the principal concerns of the Business, Transportation and Housing Agency.

SECRETARY FOR BUSINESS, TRANSPORTATION AND HOUSING AGENCY

The Office of the Secretary for Business, Transportation, and Housing acts as a focal point for the interrelationship of the private sector, government regulatory agencies, and the public interest on matters relating to economic development, housing, financial institutions and transportation.

Proposed Budget

The Office of the Secretary will continue to coordinate the multi-disciplinary implementation of the Century Freeway Project. The 1983–84 budget includes \$1,267,000 and 18 personnel years to support the oversight responsibilities of the Agency Secretary.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Department of Housing and Community Development's primary objectives are to assist

in providing affordable housing in suitable living environments for Californians and to aid in recommending solutions to California's housing and community development problems.

Proposed Budget

The 1983-84 budget proposes \$1,418,000 and 26 personnel years to continue efforts directed toward replacing housing for those displaced by the Century Freeway project. The 1983-84 budget also provides an additional three personnel years and \$120,000 to help the department administer the \$25 million Small Cities Block Grant Program (federal funds). Also, the 1983-84 budget provides an additional three personnel years of data processing staff to continue the department's assimilation of the Mobilehome Titling and Registration Program.

The proposed 1983–84 budget also reflects a reduction of 35 personnel years and \$1,038,000 as a result of a policy decision to increase administrative efficiency in the department and to reduce the cost of state government.

DEPARTMENT OF SAVINGS AND LOAN

The principal objectives of the Department of Savings and Loan are to protect the funds of the saving and investing public held by state-chartered associations, to assure compliance by associations with laws and regulations including those involving consumer protection and anti-discrimination, and to assure the continued financial growth of these associations consistent with public need.

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Proposed Budget

The department's regulatory program is funded by assessments on assets held by state-chartered associations. Recently a number of state-chartered associations have converted to federal charters.

As a result of these conversions, the department has experienced a significant reduction in workload and revenues to fund its programs. During the period of 1980–81 through the proposed 1983–84 budget year, departmental staffing has declined from 155 to 86.5 personnel years. The 1983–84 proposed budget for the department does not anticipate any significant change in the current situation.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation's primary objective is the safe operation and maintenance of the State's highway system as well as the construction of needed new lane miles. Within reasonable limits and subject to the availability of funds, the department considers alternative transportation modes to support and enhance the State's transportation system.

Proposed Budget

Chapter 541, Statutes of 1981, provided a major increase in transportation financing, estimated to be \$3.6 billion over the five-year period ending with the 1986–87 fiscal year. It is estimated that the State's share of these funds will be \$2.3 billion with most of the funds to be expended for state highways and local roadways.

The proposed 1983-84 budget reflects a baseline proposal in that no funding for new or significantly enhanced programs has been included at this time. The budget as submitted proposes expenditures of \$1.83 billion for 1983-84. During the next several weeks the department's request for additional funding will be carefully reviewed for consistency with the prime objective of constructing and maintaining a safe highway system. Furthermore, the budget will have to be adjusted to reflect the impact of the federal 5¢ per gallon gas tax increase. Revenues from this income will be available to the State for highway improvements. Any recommendations for changes to the 1983-84 budget as submitted will be transmitted to the Legislature for consideration.

The 1983-84 proposed budget reflects the elimination of state funding for all rail service except the San Francisco-San Jose Peninsula commute and the Los Angeles-San Diego system.

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

The Department of the California Highway Patrol (CHP) is responsible for assuring the safe, lawful, rapid, and economical use of the state highway system. The primary objectives are to minimize death, injury, and property loss from traffic accidents; to minimize traffic delays; and to provide protection and assistance to the motoring public.

Proposed Budget

The proposed 1983–84 budget for the CHP reflects continued support of efforts to increase the number of traffic officers and to provide protection and assistance to the motoring public. The proposed budget includes increased funding in the amount of \$17,082,000 to support an additional 382.5 personnel years (271 of these are uniformed officers) and supporting operational expenses and equipment. Also included in this amount is \$1,528,000 for air operations in direct support of traffic management and to assist other law enforcement agencies and \$495,000 for 15.5 positions to implement a flammable liquid cargo tank inspection program.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles' objectives are:

- 1. To protect public interest by identifying ownership through the process of vehicle registration;
- 2. To promote safety on highways by licensing and controlling drivers;
- 3. To provide public protection through vehicle-related occupational licensing;
- 4. To encourage motorists to maintain financial responsibility; and
- 5. To provide other services as required by statute.

To meet these objectives, a support budget of more than \$252 million is proposed for 1983–84.

Proposed Budget

The budget for 1983–84 reflects adjustments to match program benefits with program costs. The most significant of these are:

- 1. Continued implementation of the automation of many vehicle registration functions at the point transactions are received.
- Starting in 1985-86, this program will result in annual savings of over \$4 million.
- 2. The addition of 86.8 personnel years and \$6.7 million to continue carrying out the provisions of Chapter 696, Statutes of 1979, which provides for the sale of reflectorized license plates on an optional basis.



Resources

The Resources Agency programs are directly concerned with protecting, preserving, enhancing, and developing the State's environment for the benefit of all Californians. Programs funded range from those designed to attain and maintain desirable standards of air and water purity, to forest fire fighting, forest management, flood control, water development, and the provision of recreational opportunities.

The Resources Agency, under the direction of the Secretary for Resources, consists of the following boards, commissions, departments and programs: the Departments of Conservation, Fish and Game, Forestry, Boating and Waterways, Parks and Recreation, and Water Resources, the Air Resources Board, the State Coastal Conservancy, the California Coastal California Conservation Commission, the Corps, the Colorado River Board, the Wildlife Conservation Board, the Energy Resources Conservation and Development Commission. the San Francisco Bay Conservation and Development Commission, the California Waste Management Board, the State Lands Commission, the State Water Resources Control Board, the nine regional Water Quality Control Boards, and the Special Resources Programs.

Also included as Resources Programs, but not under the Resources Agency, are the Santa Monica Mountains Conservancy and the Seismic Safety Commission.

SPECIAL RESOURCES PROGRAMS

This budget reflects legislatively authorized Resources programs which are not designated to any specific department. Proposed Budget

In 1983-84, the significant changes to this

program are:

The California Tahoe Regional Planning Agency (CTRPA) is scheduled for deactivation on the effective date of the regional plan and implementing ordinances adopted by the bi-state Tahoe Regional Planning Agency (TRPA) in accordance with the Tahoe Regional Planning Compact. In 1983–84, \$300,000 has been included in the Special Resources Programs to continue California's two-thirds share for support of the TRPA and to match Nevada's one-third share (\$150,000).

Pursuant to the compact, no state funds are budgeted for CTRPA for 1983-84. Chapter 1612, Statutes of 1982 (AB 2794), designates the Secretary for Resources as the legal successor to CTRPA and authorizes the Attorney General to continue to represent CTRPA. \$251,000 has been included in the Secretary for Resources budget for this purpose.

Finally, the passage of Proposition 4 in the 1982 general election has resulted in the Lake Tahoe Acquisition Bond Act, a 20 year, \$85 million general obligation bond issue. The proceeds will be used to acquire Lake Tahoe area lands for public use and preservation. Chapter 519, Statutes of 1982, establishes the Lake Tahoe Land Acquisition Committee to study all aspects of this state land purchase program and report to the Legislature by June 30, 1983. Therefore, the administering agency and the required appropriation will not be identified until the study is completed.

CALIFORNIA CONSERVATION CORPS

The California Conservation Corps (CCC) was established to provide work experience for

California's youth and to help in the State's need to conserve and improve its natural resources.

Proposed Budget

In 1983–84, the CCC's budget contains \$35,-668,000 to support 1,640 corpsmembers and 23 centers, which is three fewer centers than in 1982–83. This represents a reduction of \$6.2 million in General Funds, but an increase of \$3.2 million in additional reimbursements. It is also proposed to redirect \$810,000 to fund increased corpsmember medical insurance and operating expense costs. These changes will result in a reduction from the current year of 200 corpsmembers and 47.6 supporting staff.

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

The Energy Commission was established in 1975 under the Warren-Alquist Act (Public Resources Code Section 25000, et seq.) in order to ensure continuation of a reliable supply of energy for California at a level consistent with the State's energy needs and the State's environmental protection policies.

Proposed Budget

For 1983–84, reductions are proposed in all programs to reflect new emphasis and policy direction as follows:

- a) The Regulatory and Planning Program has been reduced \$1,373,000 and 30.2 personnel years to eliminate environmental and siting activities not related to a specific power plant siting application.
- b) The Conservation Program has been reduced \$2,138,000 and 55.3 personnel years in recognition of the fact that traditional institutions such as utilities, builders, and industrial concerns can continue conservation activities without direct assistance from the Energy Commission.
- c) The Development Program has been reduced \$2,022,000 and 40.1 personnel years in recognition of the ability of universities and the industrial sector to conduct development efforts.
- d) Management and Administration has been reduced \$1,556,000 and 38.5 personnel years in line with the direct program reductions noted above.

In addition to revising the proposed programs of the Commission, the 1983-84 budget is based on a continuation of current year efforts rather than proposing resources to investigate new areas of interest. In keeping with this precept, contract funds proposed for 1983-84 are limited to continuation of only those activities funded in the current year. This will result in a savings of \$3,186,000.

AIR RESOURCES BOARD

The Air Resources Board has primary responsibility for protecting air quality in California. This responsibility includes establishment of ambient air quality standards for specific pollutants, evaluation of standards adopted by the U.S. Environmental Protection Agency and development and implementation of the State Implementation Plan for the attainment and maintenance of these standards. The programs of the Air Resources Board are proposed at \$54.6 million in 1983–84.

In view of local air pollution control district responsibilities and capabilities, the budget proposes a reduction of \$1.6 million and 37 personnel years in the regulatory activities of the Air Resources Board relating to stationary source pollution. At the same time, the budget proposes the continuation of state subventions to the local districts in the amount of \$6.6 million to ensure that the districts have the resources to carry out their responsibilities. Further, a reduction of \$3.8 million and ten personnel years is proposed in the board's extramural research activities in 1983–84.

In addition to the policy changes noted above, the budget reflects the following significant changes:

- \$2 million and 11.5 personnel years are added to design and implement a comprehensive research and monitoring program to study acid deposition in California pursuant to Chapter 1473, Statutes of 1982.
- \$3.2 million is reduced to reflect the phaseout of the current motor vehicle inspection program in March of 1984. A new program, as authorized by Chapter 892, Statutes of 1982, will be operational after that date in the Bureau of Automotive Repairs, Department of Consumer Affairs.

DEPARTMENT OF CONSERVATION

The Department of Conservation is responsible for promoting the conservation of the State's land, energy, and mineral resources.

Proposed Budget

To achieve its program objectives, the 1983–84 budget proposes \$15,622,000 for support of

the department.

An increase of \$336,000 is proposed from the General Fund in 1983–84. Of this amount, \$275,000 is proposed to fund the relocation of the Division of Mines and Geology district office in San Francisco. The expenditure of \$61,000 is proposed for increased support for the inspection of geothermal wells. Support for this activity is financed from assessments on oil, gas, and geothermal operations.

Also proposed is \$768,000 in increased reimbursements for the support of the inspection of underground injection wells (\$114,000) and to offset program costs associated with the Farmland Mapping and Monitoring Program (\$200,000) and the California Resources Information

System (\$454,000).

DEPARTMENT OF FORESTRY

The Department of Forestry is responsible for the protection, conservation, and development of California's forest, watershed and range lands. The department maintains an extensive fire protection system to meet the unique level of fire hazard within the State.

Proposed Budget

To meet the above objectives in 1983-84, a

budget of \$176.4 million is proposed.

In the Resources Management area, the Dutch Elm Disease program is continued at a level of \$1,555,000. The Chaparral Management program is also continued at a level of \$2,991,000, which includes \$153,000 for the Department of Fish and Game to review burn plans for the protection and enhancement of fish, wildlife, and rare or endangered plants.

The 1983-84 budget also proposes to continue support of the California Forest Improvement Program. However, the current year state support of \$910,000 (\$375,000 Forest Resources Improvement Fund and \$535,000 Renewable

Resources Investment Fund) is not proposed to continue in 1983–84 for urban forestry projects.

THE STATE LANDS COMMISSION

The State Lands Commission is responsible for administering policies governing the use of over 4,000,000 acres of state-owned lands, including tide and submerged lands. Many of these lands are leased for mineral extraction, including oil, gas and geothermal steam development. State-owned lands will produce revenues estimated at \$349,484,000 for 1983–84.

The Governor's Budget anticipates that leasing of state tide and submerged lands for oil and gas exploration will be resumed. The revenues from these leases provide a non-tax source of income to the State.

The budget proposes a \$346,000 augmentation for further environmental analysis of sites under consideration for oil and gas exploration. Three previously-leased sites in the Santa Barbara Channel will require environmental analysis, while the area between Point Arguello and Point Sal will require complete geological and biological analysis as well as environmental impact reports.

SEISMIC SAFETY COMMISSION

The Seismic Safety Commission was established in 1974 to strengthen earthquake safety in California by improving public policy, especially that related to reducing hazards and mitigating the effects of potentially damaging earthquakes.

Proposed Budget

In 1983-84, the commission proposes a budget of \$649,000 to accomplish its program objectives. As a part of this effort, the commission is proposing \$250,000 from the California Environmental License Plate Fund to complete the development of earthquake education materials for schools and communities as authorized by Chapter 785, Statutes of 1981.

DEPARTMENT OF BOATING AND WATERWAYS

The program objectives and responsibilities of the department are to develop and improve boating facilities throughout the State, to promote safety of persons and property connected with the operation of vessels on state waters, to license yacht and ship brokers and salesmen, and to conduct a beach erosion control program in cooperation with the federal government and local governmental agencies.

Proposed Budget

To meet the above objectives, a total 1983-84 state operations and local assistance budget of \$27,298,000 is proposed. Of this amount, \$3,484,000 is proposed from the Resources Account, Energy and Resources Fund, for the following beach erosion control projects: Imperial Beach, San Diego County (\$1,225,000); Surfside-Sunset Beach, Orange County (\$1,-289,000); Buhne Point, Humboldt County (\$495,000); and Bolinas Beach, Marin County (\$475,000). These state funds will be matched by \$8,668,000 in federal funds and \$2,826,700 in local funds. In addition, \$150,000 is proposed from the Harbors and Watercraft Revolving Fund to continue the water hyacinth control program in the Sacramento-San Joaquin Delta and the Suisun Marsh.

DEPARTMENT OF FISH AND GAME

The program objectives of the Department of Fish and Game are to ensure the perpetuation and enhancement of fish, wildlife, and habitat for present and future use and enjoyment by the people of the State.

Proposed Budget

To accomplish the above program objectives in 1983–84, a budget of \$73,838,000 is proposed. Of this amount, the 1983–84 budget proposes a fund shift of:

1. \$1,251,000 from the General Fund to the California Environmental License Plate Fund for the continued support of the department's nongame species improvement and preservation activities.

 \$1,000,000 from the Resources Account, Energy and Resources Fund, to the Fish and Game Preservation Fund for continued habitat improvement on state and federal lands.

3. \$998,000 from the Resources Account, Energy and Resources Fund to the Renewable Resources Investment Fund to continue the ongoing contractual program with the California Conservation Corps for stream barrier clearance for salmon.

4. \$200,000 from the Resources Account, Energy and Resources Fund to the Fish and Game Preservation Fund to continue the abalone enhancement project.

An increase of \$2,160,000 from the Fish and Game Preservation Fund is proposed for additional support, operating expenses, and equipment for the purpose of protecting and propagating fish and wildlife and their habitats. These increases are funded from revenues derived from the sale of commercial and sport hunting and fishing licenses.

WILDLIFE CONSERVATION BOARD

The Wildlife Conservation Board is involved in acquiring, conserving, developing, improving and providing access to the State's natural resources to accommodate the needs of the people who use and enjoy outdoor recreation resources.

Proposed Budget

To accomplish the above program objectives, a 1983-84 budget of \$4,461,000 is proposed from the Wildlife Restoration Fund. This provides for the acquisition, development, and preservation of fish and wildlife habitat with \$2,678,000 in capital outlay projects and \$518,000 for support of the board. In addition, \$1,265,000 is proposed as local assistance for local fishing pier development projects.

CALIFORNIA COASTAL COMMISSION

The California Coastal Act of 1976 continued the State's coastal management program, which dates from 1972, the year California voters adopted Proposition 20. The Coastal Commission exercises continuing authority over certain types of development in the coastal zone, defined by the 1976 Coastal Act, as amended. A major portion of the commission's effort in recent years has been the development of local coastal programs (LCPs) to implement Coastal Act policies in the local government planning process.

Proposed Budget

The 1983-84 budget proposes a significant policy change in the commission's program resulting in a reduction in staff activities totaling 19 personnel years in the areas of coastal energy planning, marine resource management, and

statewide policy planning, for a General Fund savings of \$597,000. These functions will be assumed by the Governor's Office of Planning and Research.

In addition to these policy changes, the commission's continuing permit and planning workload is expected to decline as a result of local governments successfully completing their local coastal programs. Commission certification of the LCPs enables these jurisdictions to assume development permit authority, resulting in a workload reduction for the commission of 16 personnel years for 1983–84. Federal funds, in the amount of \$720,000, used to support these activities in the current year, will no longer be available, either to the State or to local governments, due to the scheduled expiration of federal planning assistance.

STATE COASTAL CONSERVANCY

The State Coastal Conservancy was established within the Resources Agency by Chapter 1441, Statutes of 1976 to develop and implement programs to protect, restore, and enhance coastal resources in keeping with policies established in the California Coastal Act of 1976 (Chapter 1330).

Proposed Budget

The 1983–84 budget reflects reductions in state operations and local assistance of approximately \$21,000,000 based on projected expenditures in the current year of nearly all of the \$36,000,000 provided to the Conservancy for projects by the 1980 Parklands Bond Act. (Any unexpended portion of current and prior year local assistance and capital outlay funds will be proposed for reappropriation in the Budget Bill.) A staffing reduction of 15 personnel years reflects the expiration of funding authorized in Chapter 250, Statutes of 1980, for local coastal program implementation activities.

DEPARTMENT OF PARKS AND RECREATION

The department is responsible for acquiring, developing, preserving, interpreting and managing the use of the natural, cultural, and recreational resources in the State Park System.

Proposed Budget

The State Park System consists of 266 individual units, including 34 units administered by local and regional park agencies. These units contain approximately 1.1 million acres with over 240 units of ocean and bay frontage and 675 miles of lake, reservoir and river frontage. An anticipated 73.9 million visitor-days are expected in 1983–84, an increase of 3.5 million over 1982–83.

In an effort to reduce the impact of park operations on the State General Fund, it is proposed in 1983–84 to review: 1) the use of a differential fee schedule for park services; 2) formulation of appropriate workload standards for new and existing operating staff; 3) realignment of existing resources; and 4) reevaluation of the level of services to be offered at low-utilized units of the park system. It is anticipated that implementation of any or all of these proposals should be sufficient to fund proposed positions for additional operation and maintenance of newly developed or acquired projects anticipated to be completed during 1983–84.

In addition, \$7 million is proposed from the Resources Account, Energy and Resources Fund to continue the local assistance grant program. Grants to local agencies from this program will include \$2 million for the enhancement and development of urban fishing opportunities (Presley-Urban Fishing Program) and \$5 million for recreation area acquisition, development and operation (Roberti-Z'berg Urban Open Space Program).

DEPARTMENT OF WATER RESOURCES

The role of the Department of Water Resources is to protect, conserve, develop, and manage California's water. Therefore, the department has a major responsibility for supplying suitable water for personal, agricultural, industrial, recreational, and power generation uses as well as for fish and wildlife support. The department also has major responsibilities for protecting people and property from floods and dam failures.

Proposed Budget

To meet the above objectives, a total 1983-84 budget of \$859,901,000 is proposed, of which \$801,770,000 is for management and operation

of the State Water Project. This represents an increase in State Water Project funds of approximately \$307 million over 1982–83, primarily for staffing, development and construction costs of scheduled energy producing projects and for bond service and related administration.

To stay within available resources, statewide, the \$30 million allocation from the tidelands oil revenues to the State Water Project will not be proposed in 1983–84.

It is proposed to continue the California Irrigation Management Information System (CI-MIS) irrigation scheduling research project with \$842,000 from the Environmental License Plate Fund, as well as \$2,000,000 from the General Fund for flood control subventions and \$1,514,000 from the Resources Account, Energy and Resources Fund for the delta levee maintenance subvention program.

Lower priority study and planning activities are proposed to be reduced by \$1,000,000 (General Fund) in 1983–84.

STATE WATER RESOURCES CONTROL BOARD

The objectives and responsibilities of the State Water Resources Control Board and the nine Regional Water Quality Control Boards are to preserve and enhance the quality of California's water resources and to assure their conservation and effective utilization.

Proposed Budget

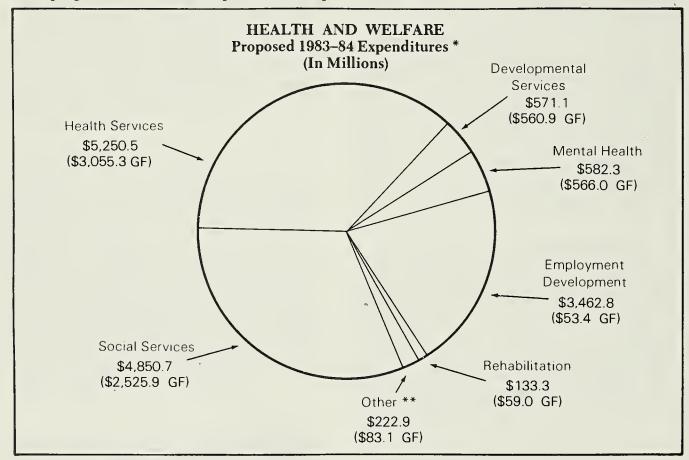
As a result of a reduction in federal funds, the 1983–84 budget includes program reductions in regulation activities (\$1,106,000), water quality management planning (\$973,000), and waste water facility construction assistance (\$678,000). Approximately 21 personnel years will be reduced in these program areas as a result of the decline in federal funding. State funding is proposed to continue for 1983–1984 at levels approximately equivalent to the current year.



Health and Welfare

The programs administered by the Health and Welfare Agency are directly concerned with the physical, mental, and social well-being of all Californians. For 1983–84, the Health and Welfare programs estimate an expenditure of ap-

proximately \$15.5 billion in combined state, federal, and county funds. The allocation of these funds to the various departments that are responsible for administration of the programs is shown below.



 ^{*} Includes State Support, Local Assistance and Capital Outlay.
 ** Reflects allocations for the Health and Welfare Agency, Department of Aging, Department of Alcohol and Drug Programs, Health and Welfare Consolidated Data Center, Office of Statewide Health

Planning and Development. Emergency Medical Services Authority, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities, and Health Facilities Commission, which is independent of the Agency.

HEALTH AND WELFARE AGENCY

The Agency is responsible for administering the State's health, welfare, social services, employment development, and rehabilitation programs.

Proposed Budget

The responsibilities of the Health and Welfare Agency include examining state options for the Medi-Cal claims process and assuring continuous services to clients by negotiating a new contract for processing claims prior to the completion of the Computer Sciences Corporation contract in February 1984. To accomplish reprocurement of a contract, the 25 positions budgeted in 1982–83 are proposed to continue through June 30, 1984.

The Long Term Care project, in accordance with Chapter 1453, Statutes of 1982, will be transferred to the Governor's Office effective January 1, 1983. Four positions will be transferred with that function.

The Multipurpose Senior Services Project (MSSP), pursuant to Chapter 1199, Statutes of 1977, will be submitting an evaluation report to the Legislature in April, 1983. In addition, a federal waiver will be required to continue the project as a permanent program if the Administration and Legislature agree it is cost effective. No funds are included in the Governor's Budget for continuation of MSSP pending a review of the evaluation report. The current eight positions are being eliminated as of September 30, 1983, which is the final date for the project pursuant to Chapter 1453, Statutes of 1982 (AB 2860).

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

The Department of Alcohol and Drug Programs administers the State's effort to treat and prevent alcohol and drug abuse and addiction by the residents of California. The programs, which are conducted at the local level, involve a variety of services and are funded primarily by the Federal Government.

Proposed Budget

The 1983-84 Governor's Budget proposes the Alcohol and Drug Block Grant consolidating the two programs currently administered by the

Department of Alcohol and Drug Programs. The provision of a block grant subvention rather than state-administered programs will result in substantial state administrative savings. It is anticipated that most existing state statutory and regulatory requirements will be eliminated and that local government will have increased flexibility in the use of block grant funds. This should result in major local government administrative savings since most local planning and reporting requirements will be eliminated. Consequently, even though a cost-of-living (COLA) adjustment is not proposed for the Alcohol and Drug Block Grant in 1983-84, it is anticipated that the direct services at the local level will be increased due to the elimination of most of the administrative requirements imposed by the State. In addition, this block grant will increase the effectiveness of local government by allowing more control over activities which are more appropriately conducted at that level.

Since this proposal will require substantive statutory change, the Administration will be sponsoring legislation in conjunction with the Legislature early next spring to develop state and local responsibilities and requirements.

DEPARTMENT OF HEALTH SERVICES

Current Accomplishments

The Department of Health Services serves California through a broad range of programs to improve the health of its citizens: Medi-Cal pays for medical care for persons who cannot afford such care; Public Health protects the public against unsafe foods, drugs, water supplies, and hazardous materials; and Licensing and Certification regulates licensed health facilities throughout the State.

The largest of these programs, Medi-Cal, has a projected 1982–83 average monthly caseload of 2,889,300 and expenditures of \$4.9 billion. In the current year, a net General Fund deficiency of \$300.3 million is estimated in the Medi-Cal program (\$310.5 million for medical care and services, partially offset by workload reduction savings of \$10.2 million in county administration and fiscal intermediary services). The deficiency is attributable to loss of the 1981–82 six percent hospital inpatient COLA lawsuit, payment of prior year bills in the current year, reduced federal matching funds, and delays in

implementing cost saving policy changes.

In the current year the department initiated major policy changes mandated by AB 799 (Chapter 382, Statutes of 1982, and SB 2012 (Chapter 1594, Statutes of 1982). Among other changes, this legislation transferred responsibility for medically indigent adults (MIAs) from the Medi-Cal program to the counties effective January 1, 1983. Under the County Health Services program, services to MIAs will be provided at a lower level of funding than has been expended by the State. SB 2012 transferred six months of funding (\$261.5 million) to the counties to finance the MIA program in 1982–83.

Two major policy changes are still in the process of implementation. Copayment revisions and changes in other real property allowances have been delayed due to required federal approval and the complexity of establishing a system for tracking liens.

Proposed Budget

In the budget year, total expenditures for the Department of Health Services are anticipated to decrease from the revised current year budget by \$389.9 million to a total of \$5.21 billion. The General Fund share of this decrease is \$241.0 million. Medi-Cal program average monthly caseload is estimated to decrease by 4.7 percent to 2,754,900. Of the total \$389.9 million reduction, \$254.9 million is attributable to the following cost-savings initiatives proposed by the Administration:

- 1. Reduced reimbursement for hospital eligibility determination costs:
- 2. Continuation in 1983-84 of the 1982-83 savings provisions mandated in AB 799 and SB 2012;
- 3. Institution of mandatory enrollment in cost-effective prepaid health plans;
- 4. Elimination of the waiver which exempts
 Los Angeles county hospitals and clinics
 from certain utilization and payment controls:
- 5. Institution of a non-elective abortion policy;
- Acceleration of the loan repayment by the Genetic Disease Testing Fund to the General Fund for the Newborn Screening Program;
- Elimination of Special Needs and Priorities (SNAP) funding and reversion of SNAP

- monies to the General Fund;
- 8. Continuation of the transfer of state responsibilities for the MIA population to the counties at 70 percent of the estimated amount expended by the State for the program in 1982–83;
- 9. Elimination of the one-time \$25 million augmentation provided to County Health Services in 1981–82 and continued in 1982–83; and
- 10. Consolidation of all or portions of nine categorical public health programs into a State Public Health Block Grant.

The proposed budget contains a 359.1 net position decrease of which 320.8 positions are due to the establishment of a State Public Health Block Grant. Although the net change is a decrease in total positions, new positions are proposed in the following critical areas:

- Six new positions and 12 redirected positions in the Recoveries Branch to assist with workload related to cost savings efforts in the casualty/workers' compensation insurance areas.
- Ten positions in the Toxic Substances Control Division's hazardous waste facility inspection program.
- Nine positions, previously eliminated due to loss of federal funds, reestablished for the licensing and certification of laboratories and blood banks. SB 1326 (Chapter 327, Statutes of 1982) provided for fees to replace the lost federal funds.

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

The California Medical Assistance Commission (established by Chapter 329, Statutes of 1982) is responsible for negotiating contracts with providers for the delivery of health care services to Medi-Cal beneficiaries. The purpose of this negotiated contracts system is to increase competition and promote the establishment of organized health systems in the health care industry in order to reduce costs in the Medi-Cal program without compromising the quality of care.

During the current year, the contract negotiation functions are being performed by the Governor's Office of Special Health Care Negotiations (Chapter 328, Statutes of 1982). Effective January 1, 1983, the California Medi-

cal Assistance Commission is responsible for monitoring these activities. In 1983–84, the commission will complete assumption of the functions and staff of the Governor's Office of Special Health Care Negotiations.

Current Accomplishments

The 1982-83 budget reflects total expenditures of \$1,542,000 (\$772,000 General Fund) of which \$1,350,000 (\$750,000 General Fund) is for the Governor's Office of Special Health Care negotiations and \$192,000 (\$22,000 General Fund) is for the California Medical Assistance Commission.

The Governor's Office of Special Health Care Negotiations has negotiated exclusive contracts for nonemergency hospital inpatient services in six of the State's 137 Health Facilities Planning Areas. These six areas include major population centers in the State. Negotiations are currently underway in forty-four additional Health Facilities Planning Areas and should be concluded for all 137 areas by the end of the current year.

Proposed Budget

The 1983-84 budget proposes a total expenditure of \$1,684,000 (\$879,000 General Fund). This amount is a continuation of the current year budget and reflects consolidation with the Governor's Office of Special Health Care Negotiations and full year operating costs of the commission.

During 1983-84, the commission will seek to negotiate contracts with health maintenance organizations, county organized health systems, insurance companies and other health care plans, as well as with hospitals for outpatient services. The commission will also renegotiate, as necessary, contracts for nonemergency hospital inpatient services.

DEPARTMENT OF DEVELOPMENTAL SERVICES

Current Accomplishments

The Department of Developmental Services has responsibility for eight state hospitals serving a yearly average of 7,814 clients during 1982 –83, which amounts to a net reduction in population of 127 clients from the preceding year. The declining state hospital population represents the department's continued emphasis on

placing state hospital residents into appropriate community settings. The 1982–83 budget for state hospitals includes \$1.2 million for the continued funding of additional community placements by the Regional Centers.

Twenty-one Regional Centers provide intake, diagnosis, referral, and purchase of community-based services for approximately 70,644 individuals with a budget of \$208.5 million from the General Fund. The current year budget represents a seven percent increase over the 1981 –82 expenditure level.

Pursuant to Public Law 97-35, the department has received waiver approval from the federal Department of Health and Human Services (DHHS) through the state Department of Health Services. The waiver will provide Title XIX funding for home and community-based services. A revenue increase of \$7.5 million is estimated for 1982–83 with \$15.1 million projected for 1983–84.

In 1979–80, the department initiated a three-year capital outlay program to make fire and life safety and environmental improvements in the eight state hospitals operated by the department. These improvements have been necessary to assure that all hospital clients reside in code conforming buildings. Conditional federal certification was granted based upon the department's commitment to upgrade 7,000 beds. The renovation was completed in July 1982.

Proposed Budget

The Department of Developmental Services 1983-84 budget of \$672,373,000 reflects a 3.3 percent increase overall and a 3.9 percent increase in General Fund.

Regional Center funding has increased by 3 percent over 1982-83 with the General Fund contribution increasing by a net of \$6.8 million. Net growth in the number of new clients served by the Regional Centers is projected at 4.854. Proposed increases include \$12.3 million for funding caseload growth and \$8.1 million for a three percent cost-of-living for Regional Center operations and service providers. The 1983-84 budget also continues earmarking of \$500,000 in program development funds for respite care services. Reductions in the Regional Center budget include \$7.3 million due to a change in the ratio of case managers to clients from 1:62 to 1:120 for those clients not receiving purchased services.

Additionally, state hospital staff will assume case management responsibilities for state hospital residents, resulting in a savings of \$2.4 million.

The 1983-84 budget for state hospitals projects a net decrease of a 299 persons with developmental disabilities. This decline in population allows a reduction of 220.4 level-of-care positions. The state hospital budget also includes increased level-of-care staffing to reflect adjustments to the coverage factor. The revised coverage factor incorporates increased allowable absences. The budget includes \$.7 million and 21.5 new positions to upgrade a unit of 12 beds at Agnews State Hospital to acute psychiatric licensure which will generate up to \$3.9 million in additional revenue.

The Department of Developmental Services capital outlay program includes \$1.4 million for energy projects at Agnews, Fairview, and Napa State hospitals. Over \$4.8 million is budgeted for various renovation and improvement projects throughout the state hospital system.

DEPARTMENT OF MENTAL HEALTH

The goal of the Department of Mental Health (DMH) is to develop and promote a continuum of mental health services for the State's mentally disabled persons.

Current Accomplishments

The revised 1982-83 budget reflects a total of \$622,439,000. expenditure Significant changes within DMH's revised 1982-83 budget include the increased security measures instituted at Patton State hospital to minimize the risk of escape by penal code commitment patients. These measures include the transfer of the security responsibility at Patton State Hospital from DMH to the California Department of Corrections (CDC). As a result, 46.2 security positions and \$1,311,000 in General Funds were deleted from the 1982-83 DMH budget and 119.47 security positions were added to CDC to provide increased security at Patton State Hospital.

Pursuant to Chapter 325, Statutes of 1982 (AB 2315), the current year also includes transfering the program for the voluntary out-of-home placement of mentally disabled children from DMH to the Department of Social Services (DSS). As a result, of the \$5,311,000 originally

appropriated to DMH to provide these services, \$3,689,000 has been transferred to DSS to provide on-going services for these children; \$23,000 remains with DMH to prepare a one-time evaluation of these services and the remaining \$1,599,000 is being reverted to the General Fund.

Additionally, the current year reflects the expansion of cost containment measures for the local mental health program in accordance with Chapter 328, Statutes of 1982 (AB 799). As a result of this legislation, reimbursement to mental health providers cannot exceed 125 percent of the statewide weighted average cost per service function experienced during 1980-81. In recognition of the potential cost savings, the 1982-83 local mental health budget act appropriation was reduced by \$15.2 million. The revised 1982-83 budget reduces the 1982-83 expenditure level for local mental health programs by an additional \$4,868,000 to capture the estimated remaining savings resulting during 1982-83 from cost containment provisions authorized by Chapter 328, Statutes of 1982. A further reduction of \$11,558,000 is proposed in the 1983-84 expenditure level as a result of the 125 percent expenditure cap.

The revised 1982–83 budget also reflects a reduction of \$3,800,000 in General Fund support for uncommitted funds for local mental health. Of this amount, \$2.4 million was budgeted for performance agreements which did not materialize during 1982–83. The majority of the remaining \$1.4 million is a result of overestimating PATCH funding needs for 1982–83. This reduction is carried forward into 1983–84.

Proposed Budget

The 1983–84 budget proposes a total expenditure of \$638,704,000 for mental health programs. This level reflects an increase of 2.6 percent over the 1982–83 budgeted level. Within this total is included a General Fund reduction of \$11,558,000 to capture the estimated additional savings resulting during 1983–84 from ceiling provisions for rate of reimbursement mandated by Chapter 328.

The budget also proposes a General Fund reduction of \$9,156,000 in anticipation of a more agressive and uniform enforcement by counties of patient revenue collection provisions. The budget continues the base reduction of \$3,800,-

000 in uncommitted local mental health funds.

In addition, the budget includes the redirection of \$571,000 from the General Fund and 20 positions to meet higher priority workload within such areas as hospital automation, security screening for high escape risk penal code clients, and utilization review of mental health services. The budget also provides an augmentation of \$5,290,000 to revise the outdated coverage factor for level of care classifications within state hospitals and to pay unavoidable increased state hospital workers' compensation and industrial and nonindustrial disability costs. Additionally, a 3 percent cost of living adjustment of \$9,362,-000 from the General Fund is proposed for local mental health programs. The budget also proposes \$3,214,000 in additional reimbursements and 133.5 net additional positions to: 1) staff an additional 100 psychiatric beds for CDC inmates who are found to be in need of mental health services pursuant to Penal Code Section 2684; and 2) provide a voluntary 50-bed experimental treatment program for specified sex offenders as prescribed by Chapter 1529, Statutes of 1982 (AB 1523).

The Department of Mental Health's capital outlay program has budgeted \$1.7 million for various improvement and energy projects throughout the state hospital system.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department provides a labor exchange facility for jobseekers and employers, helps welfare recipients, other disadvantaged persons, and young people to become self-sufficient through job training and employment, administers the Unemployment Insurance (UI) and Disability Insurance (DI) programs, and administers the tax collection and accounting functions under the UI, DI and personal income tax withholding programs.

Current Accomplishments

The second phase, or Payment Component of the Employment Preparation Program (EPP), will be implemented in the current year. The budget contains \$591,000 and 19.8 positions to implement this phase in two counties, Lake and San Mateo. The Payment Component will test the feasibility of EDD providing public assistance payments to AFDC applicants and recipi-

ents who are required to register with EDD because of their potential employability.

Proposed Budget

Chapter 1075, Statutes of 1982 (AB 3154), created the Employment Training (ET) Fund. Approximately \$55 million will be collected annually based on 0.1 percent of an employer's payment to the Unemployment Insurance Fund. This budget proposes 35 limited-term positions and \$857,000 for the collection of the contributions to the ET Fund. The purpose of the fund is to provide an employer-funded training program for skills in demand by local employers.

Additionally, 14 positions and \$540,000 are proposed for the ET Fund Panel. This panel was created through the enactment of Chapter 1074, Statutes of 1982 (AB 3461). The panel will be required to perform specific duties and allocate money in the Employment Training (ET) Fund for the purposes of fostering job creation, minimizing employers' unemployment costs and meeting employers' needs for skilled workers by providing training to unemployed or potentially displaced individuals.

DEPARTMENT OF REHABILITATION

Proposed Budget

A transfer of \$844,000 from the Department of Rehabilitation (DOR) to the Department of Developmental Services (DDS) is proposed in the budget for 1983–84 due to a caseload shift from the DOR's Work Activity Program (WAP) to DDS Regional Center Day Programs.

No caseload increase was provided in 1983–84 for WAP due to a marked decrease in actual caseload during September, October, and November 1982. The caseload for December 1982, January, February, and March 1983 will be evaluated in April of 1983 and a determination will be made at that time whether funding for a caseload increase will be requested in the May Revise.

The budget proposes an additional \$1.122 million for a 3 percent cost-of-living adjustment in the WAP.

DEPARTMENT OF SOCIAL SERVICES

The programs administered by the Department of Social Services are designed to provide

financial assistance to the eligible needy and to prevent abuse, neglect, and exploitation of children and adults who are unable to protect themselves. Major programs include: 1) SSI/SSP which provides cash grants to aged, blind, and disabled persons; 2) Aid to Families with Dependent Children (AFDC) which provides cash grants for children; 3) Food Stamps which provides nutritional aid to needy persons; and 4) Social Services which provides assistance to persons in need.

Current Accomplishments

Approximately 1.6 million low-income people will receive AFDC grants in the current year to meet the basic needs of children and their caretakers. In 1982–83, the average family of three will receive a maximum aid payment of \$506 a month to meet these needs. The total grant costs will be \$2.9 billion (\$1.3 billion in General Fund money, \$117 million in county funds, and \$1.5 billion in federal funds).

Chapter 327, Statutes of 1982 (SB 1326), significantly restructured the state AFDC-Unemployed Parent program. Prior to July 1, 1982, AFDC-U benefits were available without time limits to eligible recipients. As a result of state legislation, aid is now limited to three months in any consecutive 12-month period for families who fail to qualify for the federal AFDC-U program.

California received federal approval for an Emergency Assistance (EA) program to be implemented effective July 1, 1982. Funding provided through EA helps to prevent the need for out-of-home care for children and also pays for short-term out-of-home care when necessary.

The Supplemental Security Income/State Supplementary Program (SSI/SSP) is a federal-state program which provides grants to finance basic needs of eligible aged, blind, and disabled individuals. In 1982–83, an aged or disabled person receives a maximum aid payment of \$451 and a blind person \$506 per month. Over 669,000 Californians will receive these payments during the year, at a General Fund cost of \$1.1 billion.

In the Food Stamp program, an estimated \$602 million worth of food stamp coupons will help approximately 1.7 million people receive food during 1982–83.

The Social Services program provides services

to California's elderly, blind, and disabled citizens and to children and families who need help. The In-Home Supportive Services (IHSS) component of Social Services supplies homemaker and chore services to the aged, blind, and disabled persons who need assistance with personal care and/or essential housekeeping tasks. Approximately 95,300 IHSS recipients each month will receive services from county and private agency staff who provide such services pursuant to state guidelines. Departmental resources also provide social services for protecting the welfare of children who are being or are in danger of being abused, neglected, or exploited.

During 1982–83, Phase I of Chapter 978, Statutes of 1982 (SB 14), was implemented, establishing minimum compliance with the federal requirements for foster care services under provisions of PL 96-272. Effective October 1, 1982, the Out-of-Home Care program was replaced by the Family Reunification and Permanent Placement programs. For 1982–83, SB 14 provides for approximately \$10 million of additional children's welfare services related to foster care. The cost of these services is offset by administrative savings realized by reducing the frequency of In-Home Supportive Services (IHSS) reassessments of need from six months to 12 months.

Proposed Budget

Estimated expenditures for all programs are approximately \$4.8 billion in 1983-84. The budget includes a proposed 2.1 percent cost-of-living increase to SSI/SSP and a 3 percent cost-of-living increase to the IHSS Program. These increases are discussed in the special "A" page Health and Welfare section of the budget.

Approximately 1.6 million low-income people in 1983–84 will receive AFDC grants to meet the basic needs of children and their caretakers. Recognizing that California is providing a substantially larger AFDC grant than other states, the average family of three will not receive a cost-of-living adjustment in its \$506 per month aid payment. The total grant costs will be \$2.7 billion (\$1.17 billion in General Fund money, \$169 million in county funds, and \$1.38 billion in federal funds).

Effective July 1, 1983, SSI/SSP recipients will receive a 2.1 percent cost-of-living adjustment. The new aid payment for an aged or disabled

person will be \$460 and for a blind person \$517 per month. Approximately 666,100 Californians will receive these payments during the budget year, at a General Fund cost of \$949.5 million (exclusive of cost-of-living adjustments).

In the Food Stamp program, an estimated \$605.7 million in food stamp coupons will help approximately 1.69 million people to receive

food during 1983-84.

For 1983-84, the IHSS budget is estimated to be \$271.7 million, comprised of \$122.5 million General Funds, \$148.0 million federal funds, and \$1.2 million county funds (exclusive of cost-of-living adjustments). The program will serve approximately 97,500 IHSS recipients each month in 1983-84.

Among the more significant program changes are:

- Revising the beginning date of aid in the AFDC program to be the first day of the month after the month of application. A General Fund savings of \$35.6 million is anticipated from this one-time delay in the effective date of aid for certain recipients who would otherwise have received a prorated grant.
- Implementing a federal option contained in the Federal Tax Equity and Fiscal Responsibility ACT (TEFRA) of 1982 which gave states the option of prorating AFDC grants to account for the lower level of shelter and utility needs or expenses incurred by an AFDC family living in shared living quarters. By continuing to target benefits for those AFDC recipients most in need, a reduction of \$36.3 million General Fund is expected to occur in 1983–84.
- Implementing a statewide Welfare Fraud Early Detection/Prevention program. This program is currently in place in Orange

County and places emphasis on the early detection of welfare fraud at the application stage through the cooperation of eligibility workers and investigators at the county welfare office. This program is expected to reduce AFDC General Fund costs in 1983–84 by \$18.3 million.

- Legislation is expected to be enacted to transfer responsibility for administration of the federal Low Income Home Energy Assistance (LIHEA) program from the Office of Economic Opportunity effective with the receipt of the 1983–84 federal block grant. It is expected that the Department of Social Services can administer this program through the existing welfare payment system at a significantly lower administrative cost than through a separate distribution process.
- Phase II of Chapter 978, Statutes of 1982, (SB 14) will take place October 1, 1983 with the implementation of the "preplacement preventative" type services (Emergency Response and Family Maintenance). With full implementation in 1983-84, the State will become eligible for Title IV-E funding for certain administrative type activities associated with SB 14 programs. For 1983-84, the level of children's welfare services will be approximately \$25 million above the 1981-82 level. These increased costs can be met without additional General Fund Support through the reduced costs of IHSS reassessments and from additional federal funds which will be available.
- The budget proposes to discontinue licensing Family Day Care Homes which serve clients in the care giver's home. This change will reduce 36.5 positions and \$4.1 million in General Fund costs for 1983-84.



Youth and Adult Correctional Agency

Effective December 20, 1979, Reorganization Plan No. 3 of 1979, was approved creating the Youth and Adult Correctional Agency in response to Chapter 1252, Statutes of 1977. The new agency provides communication, coordination, and budget and policy direction for the Departments of Corrections and the Youth Authority and for the Board of Prison Terms, Youthful Offender Parole Board, Board of Corrections, Prison Industry Authority, and the Narcotic Addict Evaluation Authority. The Agency Secretary is the chairperson of the Board of Corrections.

DEPARTMENT OF CORRECTIONS

The principal programs of the Department of Corrections are the control, care, and treatment of persons who have been convicted of serious crimes or who have been admitted to the civil narcotic program or committed to state correctional facilities. The department's objectives also include supervision of individuals who have been paroled from correctional facilities and returned to the community.

The Department of Corrections is required by statute to accept convicted felons and committed nonfelon narcotic addicts from California courts when their sentence is imprisonment in a state correctional facility. It is the department's responsibility to provide safe and secure detention facilities to protect society from further criminal activities and to provide necessary services such as feeding, clothing, medical care, and treatment programs including academic and vocational education, and psychiatric and counseling services. In carrying out this responsibility, the department operates 12 correctional institu-

tions and three reception centers. In addition, the department operates a re-entry program. The primary objective of this program, consistent with the public's safety, is to increase the rate and degree of successful transitions of adult offenders who have been, or who are in the process of being, released to the jurisdiction of the Parole and Community Services Program. The Parole and Community Services Program currently operates through four parole regions.

Proposed Budget

The California prison system is facing an unprecedented increase in commitments and length of stay which has created a demand for bed capacity far exceeding the State's current ability to house the inmate population growth. Current projections forecast an increase from a budgeted level of 36,885 to 37,800 in the current year, and a projected population of 46,300 by the end of the budget year. The 9,500 inmate growth over the 1982-83 budgeted level represents a 25 percent growth in population and will require overcrowding at 181 percent of the current year capacity. The budget year includes 590.6 positions and \$73,980,000 for necessary support services for the 1983-84 inmate population growth.

In an effort to alleviate the department's population crisis and maximize limited correctional facilities, transfer of the Youth Training School from Youth Authority to Corrections is proposed effective July 1, 1983. This will house approximately 2,000 of the 9,500 inmates by June, 1984. Another 3,000 inmates will be housed by various overcrowding adjustments, with the remaining 4,500 housed in tents and

temporary housing at sites as yet to be determined.

Total support expenditures in 1983-84 for departmental institutions and camps, federal and local government facilities, and community facilities are budgeted at \$665.8 million and 11,840.36 personnel years.

As part of its long-range planning for new facilities to meet increased inmate population needs, the Department of Corrections proposes continued use of New Prison Construction Bond Funds for development of both permanent and temporary bed capacity. For 1983-84, the Administration is requesting \$244.5 million, including \$4.5 million for finishing construction at Tehachapi and \$134 million for planning and construction at Folsom. These facilities are scheduled to provide 2,700 beds by 1985. An additional \$106 million is proposed for the construction of temporary housing units (7,000 beds) and for two 500-bed relocatables (1,000 beds). The funding for these facilities is provided by the New Prison Construction Bond Fund. An additional \$14.8 million is requested for routine capital outlay projects from the Special Account for Capital Outlay Fund.

BOARD OF CORRECTIONS

The principal activities of the Board of Corrections are to promulgate standards relating to conditions of confinement for adults placed in county and city detention facilities, including facility design, fire and life safety, program activity, food, clothing, bedding, medical care, and sanitation.

Proposed Budget

Chapter 1351, Statutes of 1980, (AB 3245) established the County Jail Capital Expenditure Fund to provide assistance to local jails. AB 3245 requires the board to conduct surveys to assess the needs of local correctional/detention facilities including review of facilities, incarceration practices, jail population projects, and assistance in development of architectural design/programming. The surveys will provide local government with reliable data for purposes of making decisions on remodeling or construction of local correctional facilities.

The 1981-82 budget appropriated \$40 million to improve local jail facilities. In December of 1981, the board awarded \$21 million to various

counties for remodeling or construction of jail facilities. The remaining funds were awarded in March of 1981.

This budget proposes to provide and additional \$100 million by bond appropriation approved by the voters on the November 1982 ballot (the County Jail Capital Expenditure Bond Act of 1981). This measure authorizes the issuance of general obligation bonds to provide financing for the capital outlay needs of local jails.

The board also establishes minimum standards for the recruitment, selection and training of all local corrections and probation officers, and provides state aid in the form of grants to any county or city which adheres to the selection and training standards. For 1983–84, the Governor's Budget proposes \$8.2 million from the Corrections Training Fund for local correctional and probation officers standards and training.

YOUTHFUL OFFENDER PAROLE BOARD

The Youthful Offender Parole Board determines parole conditions for persons committed to the Department of the Youth Authority. Decisions involve setting a date for the person's readiness for return to the community on parole; establishing conditions relating to the persons conduct on parole; determining violation and revocation of parole; setting dates for returning to the committing court for redisposition by the court; and discharging the person from jurisdiction of the Youth Authority.

Proposition 8 (Victim's Bill of Rights) approved by the voters on June 8, 1982, will result in a reduction in the number of criminal court commitments to the Youth Authority. As a result, the hearing workload of the Youthful Offender Parole Board will be reduced. This budget reflects the elimination of eleven hearing related staff positions consistent with the projected reduction in population/hearing workload, for a savings of \$525,000 General Fund.

DEPARTMENT OF YOUTH AUTHORITY

The primary objective of the Youth Authority as stated in Section 1700 of the Welfare and Institutions Code is "to protect society more effectively by substituting for retributive punishment, methods of training and treatment directed toward the correction and rehabilitation of young persons found guilty of public offenses." The department carries out this mandate to pro-

tect the public by: 1) providing residential and community rehabilitation programs which will help persons committed to the Youth Authority to become useful and productive citizens, and 2) accumulating a body of knowledge relative to the causes of delinquency and to the treatment and control of those who engage in illegal behavior.

The Youth Authority's programs for offenders are carried out in ten institutions and six conservation camps. The Institution and Camp Program is providing appropriate care, custody and treatment for 5,598 wards (average daily population) in 1982–83. In addition, the department provides post-release services to wards through thirty parole offices in four parole zones. The average parole population for 1982–83 is estimated to be 6,669.

Proposed Budget

Proposition 8, (the Victim's Bill of Rights) approved by the voters in June, 1982, will result in a substantial reduction of criminal court commitments to the Youth Authority. Simultaneously, wards excluded from placement in Youth Authority due to Proposition 8 will be shifted to the Department of Corrections. For 1982-83, a decline of 222 wards is projected below the budgeted level of 5,820 wards, for an adjusted base of 5,598 wards by June 30, 1983. The Department of Youth Authority's average daily institutional population is estimated to be 5,303 for the 1983–84 budget year. This represents a projected decrease of 295 wards as compared to the current year. Average parole caseload is expected to be 6,433 in 1983-84.

The proposed budget reflects the transfer of the Youth Training School (YTS) to the Department of Corrections effective July 1, 1983 to accommodate the projected shift in population from the Youth Authority to Corrections due to Proposition 8. The budget year includes the reduction of \$28,911,000 and 684 positions to reflect the YTS transfer. Funding to accommodate excess population in the Youth Authority (\$10,789,000) due to the transfer is proposed to meet interim placement and staffing needs in 1983–84.

The current year reflects savings of \$1,000,000 for the one-time elimination of administrative staff for both state and local government due to eliminating reporting requirements for the

County Justice System Subvention Program (AB 90). The budget year continues the AB 90 program without the administrative support staff and reporting requirements, and proposes that the program be funded as a block grant on a permanent basis.

1983–84 also continues \$1.5 million for delinquency prevention programs to provide services aimed at delinquent and predelinquent youth. Included in this amount is \$697,000 for eight Youth Services Bureaus. These bureaus represent neighborhood level delinquency prevention programs designed to divert youth out of state and local correctional institutions. Services include individual and group counseling, work and recreation programs, and other activities encouraging involvement of youth's families, local community citizens, and volunteers.

To carry out its operations, the Youth Authority budget includes \$242 million and 3,840 positions. An additional \$1 million is proposed for various capital outlay projects including \$473,000 for modifications of support facilities at the Oak Glen Camp and \$100,000 planning funds to develop necessary program at the California Institution for Men-East Facility (CIM-East). Once this program is completed, CIM-East will be transferred to the Youth Authority.

BOARD OF PRISON TERMS

The Board of Prison Terms (formerly known as the Community Release Board) considers parole release, establishes the length and conditions of parole for all persons sentenced to prison under the Indeterminate Sentence Law, and reviews the sentences of all determinately sentenced (DSL) prisoners. The board may recommend to the court that the sentence be reviewed and the prisoner resentenced. The board also may suspend or revoke the parole of any prisoner who has violated parole. The board may waive parole for any prisoner and may discharge any prisoner prior to the expiration of the statutory maximum parole period. Upon request of persons determinately sentenced, the board reviews the length and conditions of parole imposed by the Department of Corrections and the department's denial of good time credit, and may modify the department's decision. The board also advises the Governor on applications for clemency.

The parole population is projected to increase 16 percent from 14,075 in 1982–83 to 16,305 in 1983–84. The board's proposed budget adds ten new positions and \$627,000 to provide for workload increases in parole consideration and parole revocation hearings. Also added is 5.6 positions

and \$80,000 to provide for the disparate sentence review workload mandated by Penal Code Section 1170. This budget year workload reflects the significant increases in prison commitments and parolees returning to prison.



DEPARTMENT OF EDUCATION

California's public education system is administered at the state level by the Department of Education under the direction of the State Board of Education and the Superintendent of Public Instruction. These agencies oversee the education of more than four million students from preschool age through adulthood.

State support of elementary and secondary education has changed significantly since the public approved Proposition 13 in June of 1978. During 1978–79, over \$2.1 billion was appropriated from the State General Fund surplus to the public schools to replace losses in property taxes resulting from the initiative's enactment. In July of 1979, the Legislature approved and the Governor signed without modification a longer term school finance measure, Chapter 282, Statutes of 1979 (AB 8), that established a new general aid support process for the public schools and increased state support for K–12 schools.

In the current year (1982–83), the State's share of K–12 educational expenses is in excess of 70 percent, compared to the 39 percent share which existed prior to Proposition 13. Under the proposed budget, K–12 education's share of State General Fund expenditures will be 36.9 percent in 1983–84. Additional details on current and budget year expenditures for K–12 education can be found in the "Special Presentations" section of the "A" Pages.

Current Accomplishments

School Finance

Despite the State's severe fiscal constraints, total general-purpose revenues for the State's K-12 school districts are expected to be \$50 million greater in 1982-83 than in 1981-82.

Education

State General Fund apportionments to school districts and county offices of education in 1982 –83 are estimated to be \$5,582.3 million.

Master Plan for Special Education

This program ensures that all students with exceptional needs receive the services and educational opportunities appropriate to meet their individual needs as determined by an Individual Education Plan (IEP). Statewide implementation of the Master Plan for Special Education, as provided for in Chapter 797, Statutes of 1980 (SB 1870), was achieved in 1981–82 with the addition of 97 Special Education Local Plan Areas. It is estimated that 380,000 students will be enrolled in special education programs during 1982–83.

Staff Development

The 1982-83 budget provided \$9,750,000 in new monies for school staff development activities. Existing programs were consolidated and reorganized to: 1) provide training programs to overcome current shortages of qualified mathematics and science teachers; 2) provide training for school faculty to improve their instructional skills in mathematics, science, and/or the use of computers; 3) improve the curricula; and 4) motivate students to increase their study of mathematics, science, and computer technology.

Urban Impact Aid and Meade Aid

Urban Impact Aid and Meade Aid provide general aid to school districts with high concentrations of disadvantaged pupils. The program was authorized by Chapter 894, Statutes of 1977 (AB 65). Chapter 282, Statutes of 1979 (AB 8) augmented the program for 19 school districts qualifying on the basis of average daily attend-

ance (ADA). Statutory authority for the program was extended through June 30 of 1984 by Chapter 1354, Statutes of 1980. State aid for this purpose is \$67.1 million in 1982–83.

Regional Occupational Centers and Programs

The 1982 Budget Act provided funding for a statewide average growth of 8 percent in the average daily attendance of Regional Occupational Centers and Programs. State apportionments for the program are estimated to be \$153.6 million in 1982–83.

Proposed Budgets

School Finance

The proposed budget contains \$5,733.5 million for state general-purpose apportionments to K-12 school districts and county offices of education for regular and regional occupational education programs in 1983-84. Included in the 1983-84 total is \$491.1 million for cost-of-living adjustments.

Under the proposed budget, school districts would receive a general 6 percent cost-of-living (COLA) increase, while county offices and regional occupational centers and programs would receive a 3 percent cost-of-living adjustment. Additionally, low-wealth school districts would receive \$34.7 million to increase their base revenue limits to within \$20 of the average base revenue limit for districts of the same type (elementary, high school, unified; small and large). This adjustment and its impact on compliance with the Serrano v. Priest decision are described in the "Special Presentations" section of the "A" Pages. The budget also proposes \$20 million for a one-time adjustment for certain districts that will lose general-purpose revenues between 1982-83 and 1983-84 due to the expiration of the minimum revenue guarantee.

Child Development

The Child Development program provides child care and educational services to children from low income and other needy families. For 1983–84, \$262.9 million is proposed for child development of which \$231.2 million is for child care and \$31.7 million is for preschool programs. These amounts include a 3 percent General Fund cost-of-living increase for support of

the programs.

Legislative Mandates

Chapter 1135, Statutes of 1977 (SB 90), empowered the State Board of Control to accept and arbitrate mandated cost claims from local school districts complying with legislation passed since 1973, despite disclaimers exempting these costs from reimbursements. The 1983–84 Governor's Budget provides \$14.3 million to school districts for reimbursement of mandated costs.

Regional Occupational Centers and Programs

The 1983–84 budget proposes \$173 million for Regional Occupational Centers and Programs (ROC/P), including a 3 percent cost-of-living increase. Although the budget proposes funds for a 10 percent growth in ROC/P average daily attendance, the Administration intends to work with the Department of Education to ensure that all ROC/P program growth is justified by increased demand and is not the result of reclassification of existing vocational education courses.

State Educational Block Grant

The 1983-84 Governor's Budget proposes to consolidate ten categorical programs into the State Educational Block Grant. These programs consist of the School Improvement program, Economic Impact Aid, Instructional Materials, Miller-Unruh, Gifted and Talented Education, Educational Technology, Staff Development, Native American Education, Demonstration Programs in Reading and Mathematics, and Vocational Education.

For 1983–84, the proposed local assistance level of the State Educational Block Grant is \$425.6 million, the same level of total support provided for the individual categorical programs during the current year. The intent of the block grant is to reduce administrative paperwork and costs and to increase the discretion of local decision makers in allocating program funds. Consequently, even though it is not proposed that the State Educational Block Grant receive a cost-of-living adjustment in 1983–84, it is anticipated that local educational agencies will be able to increase direct services at the local level due to the elimination of individual compliance and ad-

ministrative activities which were mandated by

the categorical programs.

At the state level, the 1983-84 budget proposes to reduce 71.4 personnel years and \$3.9 million. This reduction reflects a phase-out of various state administrative oversight activities of the categorical programs.

STATE SCHOOL FACILITIES AID

Current Accomplishments

School Facilities Aid

The School Facilities Aid Program was established by Chapter 282, Statutes of 1979 (AB 8), and is directed toward providing construction and maintenance for elementary and secondary classrooms for education of public school pupils. Chapter 899, Statutes of 1980 (AB 2973), appropriates \$200 million annually for school construction from off-shore oil revenue; however, due to a shortfall of tidelands oil revenue and the need to establish priorities for and limit expenditures on a statewide basis, the transfer was limited to \$100 million in 1982–83.

Additionally, \$65 million was provided in 1982-83 for the State School Deferred Maintenance program.

Proposed Budget

The State is experiencing serious fiscal problems resulting from declining revenues, increasing expenditures and a recessionary economy. Considering these facts and recognizing that an alternative source of funding is available for school construction, the budget proposes to defer the transfer of tidelands oil revenue to the State School Building-Lease Purchase Fund in 1983–84.

Proposition 1 on the November general ballot enacted the State School Building Lease-Purchase Bond Act of 1982. This act authorizes the sale of \$500 million in state general obligation bonds to provide funds for construction and renovation of K-12 school facilities. The Treasurer was authorized to sell the first of these bonds, an issue of \$125 million, in December of 1982. An additional \$200 million is expected to be sold to provide school construction funds in 1983-84.

The 1983-84 budget also proposes to transfer \$81.3 million in excess repayments to the State

School Deferred Maintenance program for maintenance of school facilities. Excess repayments on loans to school districts are the amounts received in excess of the amount needed to repay bond holders.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

The California Postsecondary Education Commission (CPEC) is responsible for developing and annually updating a comprehensive 5-year plan for postsecondary education. The commission reviews and integrates the longrange plans of the three public segments of higher education (University of California, California State University, and the California Community Colleges). The commission also acts as the statewide postsecondary education planning and coordinating agency, information clearinghouse, and adviser to the Legislature and Governor.

Current Accomplishments

In 1982–83, CPEC completed a two-phase report dealing with student charges, student financial aid, and access to postsecondary education. In addition, the commission continued to refine and update the student charges model, published a paper regarding the status of unresolved issues in equal educational opportunity, prepared a special report on the status of faculty collective bargaining, and prepared the annual review of faculty salaries and benefits. Two other special studies dealt with education in engineering and computer science and with the policy issues associated with the growth of remedial education.

Proposed Budget

The 1983-84 budget includes \$42,000 from the General Fund for the second year of a study regarding the current eligibility and admission standards of the University of California and the California State University in relation to the admission guidelines established in the *Master Plan for Higher Education*. This study of segmental eligibility pools, which is part of a continuing series performed every five to seven years, serves three functions:

1) The study will establish how closely the existing segmental standards meet the guidelines set forth in the *Master Plan*:

2) The results of the study will permit the two segments (i.e., each university system) to adjust their admission standards if such action proves necessary; and

3) The study results will serve as an aid to ensure that only those students who possess suitable academic preparation are enrolled in the University of California and California State University.

UNIVERSITY OF CALIFORNIA

Current Accomplishments

In the current year, the University is budgeted to provide an education to 113,784 full-time equivalent (FTE) students at the general campuses and 12,217 FTE students in the health sciences disciplines.

Proposed Budget

The University is planning to provide education to 115,259 FTE students at the general campuses and 12,319 FTE in the health sciences disciplines in 1983–84.

To accomplish this, the 1983-84 budget proposes a total of \$1,181 million from the General Fund for the University of California. This represents a \$32.7 million (2.8%) increase above the 1982-83 level of support. Included in this total is a \$6.7 million increase to accommodate enrollment increases in general campus and health sciences disciplines.

The budget proposes shifting \$14.8 million in direct and indirect costs for certain student services programs from the General Fund to student fee financing. This shift will require an annual fee increase of \$150 per student. An increase of \$3.7 million in student financial aid, to be funded from the fee increase revenues, is also proposed to preserve university access for the most needy students.

The 1983-84 budget also proposes an increase of \$2 million for a total of \$13.6 million from the Capital Outlay Fund for Public Higher Education for instructional equipment replacement. This funding is provided to make progress toward meeting the replacement needs of the University's instructional equipment and to preserve the quality of academic programs at a time of rapid technological advances in the laboratory sciences and of strong student demand for instruction in these fields.

CALIFORNIA STATE UNIVERSITY

Under the provisions of the California State Master Plan for Higher Education, the California State University (CSU) offers undergraduate and graduate instruction for professional and occupational goals as well as other broad liberal educations. The CSU offers more than 1,500 bachelor's and master's degree programs in over 200 subject areas. Nearly 500 of these programs are offered so that students can complete all upper-division and graduate requirements through part-time, late afternoon, or evening study. In addition, a variety of teaching and school service credential programs are available. A limited number of doctoral degrees are offered jointly with the University of California and with private institutions in California.

Responsibility for the California State University is vested in the Board of Trustees. Board members are appointed by the Governor who in turn appoints the Chancellor, who is the chief executive officer of the system, and the campus presidents, who are the chief executive officers of the respective campuses.

Current Accomplishments

In 1982-83, funds were appropriated for 239,-900 FTE students. Current estimates indicate, however, that FTE students have increased by 2,374 in the CSU system. The costs of these additional FTE students will be absorbed by CSU within existing resources.

Proposed Budget

The 1983–84 budget proposes an overall expenditure level of \$1,548,959,000 representing a \$86,670,000 increase (5.9 percent) over the 1982–83 operating budget. Although overall expenditures are increasing, the 1983–84 budget reflects a 1.5 percent reduction in General Fund expenditures due primarily to increased reimbursements associated with a proposed \$230 per year student fee increase. This fee increase will generate \$73.6 million in revenues the majority of which will be used to offset General Fund expenditures. However, \$15 million will be set aside for financial aid to assist needy CSU students affected by the fee increase.

Funding is proposed for a total of 242,460 FTE students for an increase of 2,560 FTEs over the 1982–83 budgeted level.

Other significant budget changes include effi-

ciency adjustments in the areas of custodial, legal and library services. In addition, it is proposed that General Fund support for the operation of the summer quarters at San Luis Obispo, Pomona, Los Angeles and Hayward be terminated to achieve equity in costs for CSU students attending classes during the summer months.

The 1983-84 budget also proposes \$10.1 million from the Capital Outlay Fund for Public Higher Education for special repairs and instructional equipment replacement.

BOARD OF GOVERNORS CALIFORNIA COMMUNITY COLLEGES

The Board of Governors provides statewide leadership to the 70 community college districts and 107 community colleges and serves as a planning, coordinating, reporting, advising, and regulating agency. The Chancellor's Office is the administrative arm of the board. It directly administers a credentialing program, Extended Opportunity Programs and Services (EOPS), a program of assistance for disabled students, certain aspects of federally funded occupational programs, a grant program for community colleges engaged in projects of innovative and nontraditional methods of instruction, and state apportionments to the 70 local districts.

Current Accomplishments

State general apportionments for community colleges will total \$1,024.7 million in 1982-83. In addition, community college districts will receive approximately \$382.1 million in property tax revenue for the current year. Districts will enroll some 1.4 million students who will generate approximately 717,000 ADA.

In the current year, a \$24.5 million EOPS budget will serve about 63,000 disadvantaged students by providing financial aid, counseling, and other assistance. Approximately 36,000 disabled students will be eligible for \$18.4 million in special services such as mobility assistance and note-taking.

For the first time, in 1982–83 the State is providing special assistance to community college districts to ameliorate a \$77 million statewide backlog of deferred maintenance. The amount available for this purpose is \$6 million.

Proposed Budget

Statutes presently governing community college finance expire on June 30, 1983 and a new law will need to be enacted to govern fiscal year 1983–84 and beyond. The budget carries forward into 1983–84 the current year level of support for community colleges, pending enactment of the specifics of a new financing mechanism.

However, the budget does propose a changed funding mix which would include revenue from a general fee for all community college students. The fee would be \$50 per semester for students enrolled in six or more units and \$30 per semester for students enrolled in less than six units. This annual fee of \$60 to \$100 would be substantially less than the approximately \$500 national average fee charged by comparable two year public institutions and will ensure that community college students share in the cost of their education. The fee revenue generated would offset the General Fund support for apportionments by about \$109.5 million.

The Governor's Budget also proposes a 3 percent COLA for EOPS (Extended Opportunity Programs and Services) and for the disabled students program. The cost of these COLAs will be \$741,000 for EOPS and \$552,000 for the disabled students program.

STUDENT AID COMMISSION

The State of California provides financial assistance through various programs which assist academically able, financially needy students in pursuing postsecondary education opportunities. The major portion of this aid is provided through the Student Aid Commission and enables students to attend private as well as public institutions at both undergraduate and graduate levels. The commission's primary programs are: 1) the Cal Grant Award program which provides grant assistance to undergraduate students, and 2) the State Guaranteed Student Loan program through which low cost, federally reinsured loans are made available by commercial lenders to undergraduate and graduate students at no cost to the State.

Current Accomplishments

In 1982-83, the commission will administer approximately \$89.6 million in grant assistance to 64,090 students. In addition to the grant pro-

grams, this agency administers the State Guaranteed Student Loan program and serves as the state guarantee agency for federally reinsured student loans. This rapidly expanding program is expected to generate \$603 million in new loans during 1982-83, bringing the total of the program to \$1,895 million as of June 30, 1983.

Proposed Budgets

For 1983-84, \$91.1 million will be provided in grant assistance to 64,132 students. The General Fund proposal includes \$2.6 million over the 1983-84 baseline level to fund a 3 percent nonstatutory cost-of-living increase in the Cal Grant program, the Graduate Fellowship program and the Bilingual Teacher Grant program. In addition, the 1983-84 budget includes a decrease of \$4.5 million from the baseline level for the State Guaranteed Loan Reserve Fund to reflect the full year support cost savings resulting from a renegotiated contract for the loan program's administrative support functions.

HIGHER EDUCATION CAPITAL OUTLAY

Deciding upon the proper amount and timing of capital expenditures for education is a complex and difficult task. Problems relating to construction, technology, and design are different for each project, but beyond that are the questions of the number and mix of students to be served and the most equitable methods of financing the facilities ultimately approved. The capital outlay program for higher education continues to fund the highest priority needs for higher education. The 1983-84 capital outlay program proposes utilization of resources from three funds: \$21,816,000 from the Capital Outlay Fund for Public Higher Education (COF-PHE); \$4,499,000 from the Energy and Resources Fund (ERF); and \$34,000 from the Community College Construction Program Bond Act of 1972.

The Capital Outlay Fund for Public Higher Education is funded from a portion of the State's tideland oil revenues. Revenues in the fund for 1983-84 are proposed to be expended for capital outlay needs for the University of California, General Campuses (\$3,693,000) and Health Sciences (\$1,807,000); the California State University (\$8,000,000); the California Maritime Academy (\$197,000); and the California Community Colleges (\$8,119,000).

The Energy and Resources Fund was established by Chapter 899, Statutes of 1980 and also receives its income from the States's tideland oil revenues. The 1983-84 Governor's Budget proposes \$4,499,000 from the Energy and Resources Fund for energy related projects at three UC campuses and five campuses at the California State University and for energy conservation retrofits throughout the CSU system.

The Community College Construction Program Bond Act of 1972 received its income from the sale of general obligation bonds and is used exclusively to finance capital outlay projects for the California Community Colleges. The expenditures proposed for this budget will substantially exhaust the bonds authorized by the electorate in 1972.

Table IV illustrates the relationship between fund sources and the proposed use of those funds by the education segments.

TABLE IV TOTAL EXPENDITURES FOR MAJOR AND MINOR CAPITAL OUTLAY IMPROVEMENTS FOR THE SEGMENTS OF EDUCATION 1983-84

(in thousands)

	Univer				Total	
	Califo	ornia	California	California	California	Capital Outlay
	General	Health	State	Maritime	Community	Expenditure
	Campuses	Sciences	<u>University</u>	Academy	Colleges	by Fund
Expenditures from:						
Capital Outlay Fund for Public Higher Education	\$3,693	\$1,807	\$8,000	\$197	\$8,119	\$21,816
Energy and Resources Fund	2,154	-	2,345	-	-	4,499
Community College Construction Program Bond Act of 1972					34	34
Subtotal, State Support	\$5,847	\$1,807	\$10,345	\$197	\$8,153	\$26,349
Non-State Funds	129,351	52,421	13,611		2,838	198,221
TOTAL, CAPITAL OUTLAY PROGRAM EXPENDITURE BY SEGMENT	\$135,198	\$54,228	\$23,956	\$197	\$10,991	\$224,570

UNIVERSITY OF CALIFORNIA

The 1982-83 budget has provided funds from COFPHE for the highest priorities of the University, including restoration of funding for projects which were deferred in 1981-82 as part of the statewide freeze on capital outlay expenditures. Projects include the correction of fire and life-safety deficiencies, minor capital improvements, and construction funds for the UCLA/ Charles P. Drew Medical Education Center and the Social Ecology Building on the Irvine campus. Funding from the Energy and Resources Fund and the Special Deposit Fund, Department of Energy Consent Order Proceeds Account, was also provided to continue energy conservation efforts. The Health Sciences Facilities Construction Program Bond Fund, used exclusively to finance health sciences capital outlay projects for the University of California, provided equipment funding for the Veterinary Medical Clinical facility in the San Joaquin Vallev and the UC Irvine Medical Center library module.

Proposed Budget

The 1983-84 capital outlay program focuses on the development of new laboratory and high technology facilities in the fields of agriculture, biological sciences, and engineering. The budget gives the highest priority to continuing previously funded projects, including funding for completion of working drawings for the Food and Agricultural Sciences Building on the Davis campus, planning funds for an addition to the Life Sciences Building on the Berkeley campus, working drawings for Engineering Unit 2 on the Santa Barbara campus, and working drawings for the Southern Regional Library on the Los Angeles campus. In addition, the budget provides funding for the highest priority life-safety corrections in existing buildings. The budget provides funds for the purchase of equipment needed to complete projects at the Charles P. Drew Postgraduate Medical Education Center in Los Angeles, the Social Ecology Building at UC Irvine, the Thimann Laboratory Building and the Applied Sciences Building both at UC Santa Cruz. Funding from the Energy and Resources Fund is proposed for three energy conservation projects which have payback periods of two and one-half years or less and will assist the University in reducing operating costs.

CALIFORNIA STATE UNIVERSITY

Current Accomplishments

The 1982-83 capital outlay program provided funding for health and safety projects, minor capital outlay improvements, energy conservation retrofits, equipment to complete previously funded construction projects, construction funds for a faculty office building at Pomona, construction funds to remodel Moss Landing Marine Laboratories for needed instructional space, and for relocation of the dairy at Fresno.

Funding was also included for projects originally funded in 1981–82 but deferred in order to balance the General Fund. This included funds for the faculty office building at Northridge and the remodeling of the Fish and Game Building for nursing at Sacramento.

Proposed Budget

While revenues for capital outlay continued to decline, the budget for 1983–84 will meet a number of the highest priority projects, including urgent health and safety projects, corrections of code deficiencies, equipment to complete the remodeling of the Engineering Building on the CSU Humboldt campus, and minor capital outlay improvements. The budget proposes construction funds to rehabilitate the Old Library at San Diego and partial construction funds for a new engineering building at San Luis Obispo. Funding from the Energy and Resources Fund is proposed to support energy conservation retrofits throughout the CSU system and energy management systems on four campuses.

CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges provide opportunities for higher education based upon local community needs by offering two-year college level and vocational courses.

Current Accomplishments

The 1982-83 capital outlay program continues the elimination of the most critical architectural barriers to the physically handicapped for state supported facilities, funds four energy con-

servation retrofit projects, provides equipment funds to make operable previously funded construction projects, provides construction funds for one health and safety project, and supports three construction projects to meet critical needs for instructional capacity space.

Proposed Budget

In 1983-84, the budget proposes 14 projects

to complete the elimination of architectural barriers to the physically handicapped in state supported facilities and provides equipment funds to make operable a previously funded construction project at Cerro Coso College. The budget also proposes construction funds to complete the Library and Alternate Learning Center on the permanent campus of Mendocino College and proposes partial construction funding for a general classroom building at Saddleback College.



OFFICE OF CRIMINAL JUSTICE PLANNING

The Office of Criminal Justice Planning provides staff support to the California Council on Criminal Justice; coordinates planning efforts by private, state, and local agencies to improve the State's criminal justice system; and administers grants to state, local, and private agencies in accordance with plans developed under federal and state criminal justice programs.

Proposed Budget

The 1983-84 Governor's Budget proposes a \$3 million program to combat drug abuse among school-age children and drug trafficking in and around school areas. Drug abuse has become one of society's most serious and debilitating problems, damaging the health of users, disrupting the family, reducing productivity in the workplace, and fostering an environment for criminal activity. The tragedy of drug abuse hits hardest when the user is a child or teenager, for the path to responsible adulthood can be irretrievably lost. Victims of this loss include not only the youth and his family, but the community as a whole.

National statistics show that 66 percent of all high school seniors have used illicit substances other than alcohol. One-third of all seniors currently use marijuana, 15.8 percent use stimulants, and 5.8 percent use cocaine. Drug use commonly begins at 12 to 13 years of age, and by the time students reach high school, it is easier to find a user than an abstainer.

A major key to the magnitude of the drug abuse problem is the availability of drugs on and around school grounds. This availability has to be curtailed: schools must be market places for learning and not become marketplaces for drugs.

To meet this objective, the Administration proposes to establish the Suppression of Drug

General Government

Abuse in Schools Program within the Office of Criminal Justice Planning. This grant program will allocate state funds to local law enforcement agencies for use with local school districts and county boards of supervisors. Together they will develop innovative and model programs which suppress and prevent drug abuse among teenagers, with particular focus on use and trafficking within the school environment.

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING (POST)

The primary objective of the Commission on Peace Officers Standards and Training (POST) is to make California peace officers more competent and proficient through the provision of training and other supportive services.

Proposed Budget

The Legislature provided a \$3 million statutory appropriation in 1982-83 to increase subventions to local agencies for the salaries of peace officers while those officers attend POST-accredited training courses. Salary reimbursement permits law enforcement agencies to fill in behind officers attending training. The augmentation was necessary because the average level of reimbursement had declined over the past few years as a result of legislation increasing the number of eligible participants in the program. The 1983-84 budget proposes to continue this \$3 million appropriation, allowing a reimbursement level to local agencies of approximately 60 percent.

POST established a Center on Executive Development in 1982–83 to provide quality, short-term intensive management training courses for law enforcement executives. The budget year proposes to redirect two positions to the Center and to add two new positions to implement the program fully.

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STATE PUBLIC DEFENDER

The State Public Defender (SPD) is authorized to represent indigents in petitions for criminal appeals and writs, in proceedings after a judgment of death, and in any proceeding in which a person is entitled to representation at public expense.

Proposed Budget

The 1983–84 budget proposes to promote economy and efficiency by restricting the State Public Defender's workload to death penalty cases and the most difficult non-capital cases. As a consequence, the Supreme Court and Courts of Appeal will retain approximately one-half of the cases that they currently transfer to SPD for representation and SPD's 1983–84 budget has correspondingly been reduced by \$3.9 million and 77.2 positions.

This redistribution of indigent appeal work-load is expected to produce major savings to the State since the cost per case for court-appointed attorneys is significantly less than SPD's costs. To handle its increased share of the workload, the Judiciary's budget has been increased by \$1.5 million for payment of court appointed attorney fees.

ASSISTANCE TO COUNTIES FOR DEFENSE OF INDIGENTS

This budget has provided funding under two categories to pay counties for defense of indigents: 1) an amount not to exceed ten percent of the amounts actually expended in providing counsel for persons charged with violations of state law or involuntarily detained under the Lanterman Petris-Short Act who desire but are unable to afford counsel (Public Defender Assistance); and 2) the costs of investigations and witnesses requested on behalf of an indigent defendant in a capital case (Capital Case Defense Preparation).

Proposed Budget

For 1983-84, the funding for Capital Case Defense Preparation has been shifted to the "State-Mandated Local Programs" budget, since this aspect of the program has been, in fact, acknowledged as a state mandate.

Because the amount of state funding provided under Public Defender Assistance represented less than one percent of the amounts expended by public defenders, it is proposed that funding for this activity be considered in the broader context of total fiscal relief for counties. Language to implement this change is included in the Budget Trailer Bill; accordingly, no funding for this activity is included in this budget.

PAYMENT TO COUNTIES FOR COSTS OF CONDUCTING HOMICIDE TRIALS

Current provisions of law require the State to reimburse counties for the costs of conducting homicide trials in excess of an amount equivalent to the amount of money derived from a tax of 0.0125 of one percent of the full value of property assessed for purposes of taxation within the county.

Proposed Budget

The 1983–84 budget proposes that those additional expenditures above the statutory floor be jointly shared by the State (80 percent) and the county (20 percent). Implementing language is included in the Budget Trailer Bill.

CALIFORNIA ARTS COUNCIL

The California Arts Council was established by Chapter 1192, Statutes of 1975 and is responsible for promoting artistic awareness, participation, and expression in California. The council makes grants, usually on a matching basis, to arts organizations promoting community based cultural activites in rural and metropolitan areas. During 1982–83 the Arts Council has continued its major grant programs to artists in schools and communities, to arts organizations for artistic and administrative development, to established arts organizations, to local government, and to school districts.

Proposed Budget

The 1983–84 Governor's Budget proposes reductions in low priority programs while maintaining grants to established organizations and local government. The 1983–84 budget proposes a reduction of \$1.7 million in General Funds and seven positions.

CALIFORNIA PUBLIC BROADCASTING COMMISSION

The California Public Broadcasting Commission promotes instructional, cultural and informational applications of noncommercial radio and television systems, and plans and promotes public and governmental use of telecommunications technologies and services.

Proposed Budget

Supplemental language to the Budget Act of 1982 required the California Public Broadcasting Commission to prepare a zero-base budget analysis in the development of the 1983–84 budget.

Using this approach, decision units were prepared and ranked according to priorities. Those decisions units were used to prepare a budget that stayed within the baseline yet provides increased funds for grants to TV and radio stations, grants to minority stations, and the fellowship program.

AGRICULTURAL LABOR RELATIONS BOARD

The Agricultural Labor Relations Board (ALRB) is responsible for conducting secret ballot elections to determine collective bargaining representation in agriculture and for investigating and resolving unfair agriculture labor practice disputes. The ALRB was enacted by the Agricultural Labor Relations Act of 1975.

Proposed Budget

The 1983-84 Governor's Budget proposes a reduction of \$2.3 million in order to bring the program in line with its workload staffing standards, and to implement reductions being made statewide in the State's legal positions.

PUBLIC EMPLOYMENT RELATIONS BOARD

The Public Employment Relations Board is responsible for the direct supervision and regulation of employer-employee relations for school employees, (K-14), State Civil Service employees and Higher Education employees. The board's basic functions are: 1) to conduct secret ballot elections to determine representatives for employee groups; 2) to prevent and remedy unfair labor practices; 3) to adminster and establish procedures whereby negotiations between employer's and employee organzations result in

agreement; and, 4) to monitor financial activities of employee organizations.

Proposed Budget

The 1983-84 Governor's Budget proposes an expenditure level of \$5,125,000 for the Public Employment Relations Board.

DEPARTMENT OF INDUSTRIAL RELATIONS

The Department of Industrial Relations administers several programs to promote the welfare of the workforce in California. The largest programs implement workers' compensation laws and adjudicate claims, protect worker health and safety, enforce the provisions of the Labor Code relating to wages, hours, and working conditions, and develop and monitor apprenticeship programs.

Proposed Budget

The 1983-84 Governor's Budget proposes nine positions to augment the staff of the Collections Unit. This is projected to increase collections \$700,000 and will provide additional funds for the payment of workers' compensation benefits through the Uninsured Employers' Fund. The budget proposes an additional position in the Death Without Dependents Claims Unit to increase collections by \$400,000. This will provide funds for payment of workers' compensation benefits for subsequent injuries. The budget also proposes a reduction of 88.6 positions and \$4.9 million in the Cal/OSHA program to achieve administrative efficiencies and improved cost benefit.

In the Labor Standards Enforcement program, the 1983-84 budget proposes three positions and \$114,000 to monitor compliance with regulations regarding the employment of minors in the entertainment industry. The proposal is intended to increase protection for minors, particularly in the areas of hours of work, supervision, and physical safety requirements.

The budget also proposes two positions to provide consultation to members of the garment manufacturing industry regarding laws governing wages, hours, and working conditions, and \$60,000 to support the California Entertainment Commission established by Chapter 682, Statutes of 1982.

The budget also proposes a reduction of 84.3 positions and \$3.4 million in the Labor Stand-

ards Enforcement program to achieve administrative efficiencies and improved cost benefit.

In the Apprenticeship Program, the 1983-84 budget proposes nine positions to continue the federally funded veterans training program. The current grant terminates September 30, 1983.

In addition, the budget proposes a reduction of 19.1 positions and \$708,000 in the Apprenticeship program for further efficiencies.

DEPARTMENT OF PERSONNEL ADMINISTRATION

The Department of Personnel Administration (DPA) was established by the Governor's Reorganization Plan No. 1 of 1981 to manage the non-merit aspects of the State's personnel system. Statutes in 1977 established a formal process of employer-employee relations under which civil service employees were granted the right to meet and confer in good faith. Fiscal year 1982-83 represents the first year of state government operating under collective bargaining agreements with its rank and file employees. Employee labor organizations and DPA agreed on twenty collective bargaining ("memorandums of understanding") subsequently were acknowledged in the 1982 budget process. In addition, DPA now administers the deferred compensation plan for state employees.

Proposed Budget

This budget identifies those activities which are clearly and directly chargeable to the collective bargaining process. These activities, currently supported by the General Fund, are proposed to be financed from reimbursements charged to other state departments based upon their employee enrollment in the labor organizations.

An initial reparation payment to Japanese-Americans terminated from State Civil Service in the 1940's is provided pursuant to Chapter 523, Statutes of 1982.

DEPARTMENT OF FOOD AND AGRICULTURE

The Department of Food and Agriculture is responsible for: (1) protecting and promoting the State's agricultural industry; (2) protecting public health and safety; (3) assuring that an abundant supply of wholesome food is available;

(4) developing policy for California's Agriculture Industry; and (5) assuring accurate weights and measure in commerce.

Proposed Budget

The 1983-84 Governor's Budget provides \$101,189,000 for the Department of Food and Agriculture. The budget reflects augmentations to high priority programs in the department which are necessary to protect California's largest industry and its citizens. In addition, the budget reflects reductions being made statewide in the State's legal positions, and the elimination of one-time costs related to the eradication of the Mediterranean Fruit Fly.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission has been given general authority to regulate the activities of California's utilities including energy utilities, communications utilities, water and sewer utilities, and transportation utilities. The commission is able to effect its policies through approval/disapproval of operating authorities and rate structures for the utilities. Decisions of the commission can be appealed only to the California Supreme Court unless a provision of federal law is at issue.

Proposed Budget

The Legislature in 1982 approved legislation to extend "user funding" authority to include water and sewer companies. In the coming year, legislation will be introduced to further extend user funding to cover the cost of regulating gas, electrical and communication utilities and other activities currently supported from the General Fund and the Energy Resources Conservation and Development Special Account (ERCDSA). Adoption of full user funding will result in reducing expenditures from the General Fund by \$11,923,000 and expenditures from the Energy Resources Programs Account (formerly the ERCDSA) by \$7,156,000. Expenditures from the Public Utilities Commission Utilities Reimbursement Account and the Public Utilities Commission Transportation Reimbursement Account will be increased by \$14,875,000 and \$3,920,000 respectively.

The 1983-84 budget also anticipates implementation of a plan under which utilities will engage certified public accountants in lieu of

having Public Utilities Commission auditors conduct audits required by the commission. Adoption of this plan will reduce General Fund expenditures by \$1,350,000 and 28.7 personnel years.

CALIFORNIA FISCAL INFORMATION SYSTEM (CFIS/CALSTARS)

In 1978–79, the Legislature enacted Assembly Bill 3322 (Chapter 1284, Statutes of 1978) to require changes in the State's budgeting and accounting systems and the establishment of an on-line fiscal information system. The CFIS Task Force was formed within the Department of Finance to develop CFIS and to implement the other requirements of AB 3322. The California Fiscal Advisory Board (CFAB), established pursuant to AB 3322, has been designated as the CFIS advisory committee. CFAB is responsible for monitoring and advising the legislative and executive branches on the implementation of AB 3322. As advisor to CFIS, CFAB reviews such policy issues as the selection of CFIS software vendors, the level and extent of detail of CFIS information, placement of CFIS terminals, and access to CFIS data, etc.

The California Fiscal Advisory Board consists of the chairpersons of the Senate Finance, Assembly Ways and Means, Joint Legislative Budget and Joint Legislative Audit Committees, the State Treasurer, the State Controller, and the Director of Finance, who is the chairperson of the Board. In addition to its advisory and policy review role for CFIS, the board is responsible for the review of the basis of the State's accounting. The board also recommends any further legislation that may be necessary to achieve the objectives expressed in AB 3322.

CFIS makes available to legislative and executive branch decision-makers a computerized online system providing information on the State's revenues, expenditures, and performance measures. CFIS provides information in graphic and tabular form and provides the means to simulate expenditures, forecast revenues, and compare program activities.

In July 1980, a contract was executed with Peat, Marwick, Mitchell and Co. to design and install a computerized governmental program cost accounting system. This system, called California State Accounting Reporting System

(CALSTARS), will have been installed by the Department of Finance in a total of 57 departments and institutions by July 1, 1983. It will ultimately be installed in 150 state agencies and institutions. CALSTARS is independent of CFIS but provides summary information to the CFIS data base for the departments served.

Current Accomplishments

The development of CFIS and related changes in the State's budgeting and accounting systems is planned over several years, with specific accomplishments scheduled each year.

The computer software for CFIS was acquired and installed at the Teale Data Center. Data base files were established which provide information on:

- Revenues, expenditures, and performance measures for the first departments reporting to CFIS (Caltrans, EDD, Health Services, Motor Vehicles, Social Services and Water Resources), the 48 departments/institutions which have implemented CAL-STARS to date, and four additional departments with program cost accounting systems.
- Legislation in process, including identification of the author, a description of the subject area, and estimates of applicable revenue and costs.
- Budget administration for the current fiscal year, including appropriations, augmentation, and revised plans.
- Governor's Budget and Budget Bill, including changes made by each House and the Conference Committee in program and line item detail.
- Historical data, including actual expenditures, and personnel-year data (1974–75 to present) for all departments and most funds.
- Economic data, including selected national and California time series.
- Revenue models and data for revenue forecasting.

Also in the current year, CFIS has consolidated three legislative information systems into one using the CFIS data base. Information such as fiscal detail, bill summary, status and location will be available on all legislation within the current two year session.

During 1982, the on-line inquiry, shadow file

updating, labor distribution, and office revolving fund check-writing capabilities of CALSTARS were designed and installed. These features are available for use by the first 27 agencies and the additional 21 agencies that became operational on CALSTARS on July 1, 1982.

Proposed Budget

The Department of Finance has revised the implementation plan for CALSTARS to meet the following objectives:

1. Facilitate a smooth transition of departments implementing CALSTARS.

 Attain and maintain on-time and accurate year-end closing statements for existing and new CALSTARS agencies.

 Provide necessary advice and assistance and service to CALSTARS departments to enable them to meet statewide and departmental accounting policies and objectives.

In order to meet these objectives, the Department of Finance will install CALSTARS in those agencies which meet the following criteria: departmental need and interest; management support and commitment; appropriate numbers of trained, experienced staffing for accounting operations; and up-to-date status of current accounting records.

Within existing resources, the program objectives as stated, and criteria, CALSTARS will be installed in nine additional departments and institutions to begin operations July 1, 1983.

The department also will review the CFIS data base to eliminate non-essential data and work to make the system a more effective tool for departmental, legislative, and Department of Finance staff.

Emphasis will continue on developing a budget preparation system. Several departments will be chosen to participate in a pilot effort to utilize CFIS in developing their annual budget.

STATE-MANDATED LOCAL PROGRAMS

History

Chapter 1406, Statutes of 1972 (SB 90), was the first significant effort by the State to restrict the growth in property taxes. This legislation established maximum property tax rates to limit the amounts collected by local government and, at the same time, required the State to reimburse local government for the costs of any state-mandated programs enacted after January 1, 1973. In addition it required state reimbursement of certain property, sales and use tax revenue losses resulting from state legislation.

In the years since 1972, a number of modifications to the original SB 90 have been enacted. These modifications have generally served to broaden the scope of activities which qualify for state reimbursement. For example, the State Board of Control was expanded in 1975 from three to five members and empowered to accept and arbitrate claims from local government alleging that either legislation or executive regulations inappropriately failed to provide reimbursement of state-mandated costs.

At the November 6, 1979 general election, the voters approved Proposition 4 (the "Gann Initiative") which included, among other things, the following language:

"Section 6. Whenever the Legislature or any state agency mandates a new program or higher level service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

a. Legislative mandates requested by the local agency affected;

b. Legislation defining a new crime or changing an existing definition of a crime; or

c. Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975."

The effect of this constitutional amendment is to elevate this program of reimbursing statemandated costs to a constitutional, rather than statutory requirement. It should be noted, however, that the initiative is silent on the issue of reimbursing property, sales and use tax revenue losses which result from state legislation.

Program Operations

Since the institution of the reimbursement program in 1973, many bills have been enacted which have provided funds for local governmental entities for costs incurred because of State mandates. For these programs, the State Controller develops and disseminates instructions for payment of claims against the specific statutes. In the event that there are insufficient

funds to pay all of the claims, the available funds are prorated among the claimants and additional funds are requested from the Legislature.

After the passage of original SB 90 legislation, policy statements explaining the Legislature's rationale for finding that reimbursement of local costs resulting from a particular statute was not required (i.e., "disclaimers") were developed and included in legislation. When the Legislature decides to include a disclaimer in a bill, one of the following types of disclaimer is usually employed:

- 1. Local request;
- 2. Crimes and infractions;
- 3. Court mandate;
- 4. Federal mandate;
- 5. Voter-approved mandate;
- 6. Cost-savings;
- 7. Self-financing authority; or
- 8. General;

The first two disclaimers are clearly constitutional. In addition, all but the last of the other six disclaimers, while not specifically delineated in the Constitution, appear to be consistent with constitutional intent and are therefore also appropriate. Absent compelling reason to the contrary, this Administration believes that any legislation which mandates any reimbursable (i.e., non-disclaimable) costs on local government should provide an appropriation therefor.

From the standpoint of local government, there is a continuing concern about legislative action which results in mandated costs claimed through the Board of Control process. A statute may impose a requirement on local government without an appropriation to reimburse them for the costs of implementing the requirement. Without those resources, local government must utilize the claims process and hope that the Board of Control finds that the statute mandates a duty and agrees, further, that costs have been incurred and are reimbursable by the State. The second hurdle in this process arises when the Board of Control sponsored claims bill is considered by the Legislature since there is no guarantee that funding will be provided at that time.

Another concern of local government is the time elapsed between the point when costs are incurred and a warrant is finally received from the State. This time frame may be as long as one and one-half years from the date the mandate is implemented to the County's receipt of the reim-

bursement.

Further, local government is also concerned about the degree of detail and personnel time involved in its claims preparation, presentation and follow-up activities in the Board of Control process.

Program Growth

State expenditures under the SB 90 program have grown from \$2.9 million in 1973–74 to an estimated \$75 million in 1983–84.

In previous Governor's Budgets and budget acts, funds to reimburse state-mandated local costs were included in the local assistance budget of the state agency whose program responsibilities most closely approximated the subject matter of the mandated program. For example, funds to reimburse school districts for the costs of collective bargaining were included in the Department of Education's budget.

For 1983–84, in order to more clearly depict the total cumulative effect of the mandate reimbursement program, the funding for all statemandated local programs is presented in a single budget display. The costs of the individual components of the program are also shown parenthetically in the budget of the appropriate state agency.

TAX RELIEF

Tax relief expenditures from budget bill appropriations total approximately \$1.4 billion in the budget year. This appropriation reflects the decision to give no statutory adjustment for personal property tax relief.

SHARED REVENUES

The primary objective of the Shared Revenue program is to provide an efficient method for collecting a portion of the necessary revenues to fund local services. During 1983–84, about \$1.2 billion will be collected by the State and distributed to local government. This amount reflects a proposed transfer to the General Fund of \$300 million from the Vehicle License Fee subvention as local government's share in the 1983–84 budget reductions. See the Local Government Fiscal Relief section for details. This amount also reflects an acceleration of the collection of the motor vehicle fuel and use fuel taxes. It is estimated that this acceleration will increase revenue by approximately \$85 million.

ARTICLE XIIIB—APPROPRIATION LIMIT

Article XIIIB imposes a limit on certain appropriations made from tax proceeds. Appropriations which are subject to the limit are not to exceed the prior year's appropriation limit adjusted for changes in price and population.

Section 12.2 of the 1982–83 Budget Bill (Chapter 326, Statutes of 1982) set the 1982–83

appropriation limit for the State.

Using the latest forecast data, the state's appropriation limit for 1983–84 is \$20,544 million.

The following table shows the 1978–79 base, the state appropriation limit for each year and

the estimated appropriations subject to limitation. The appropriation limit for each year has been adjusted to reflect any shifts in financial responsibility which may have occurred between the state and local jurisdictions. The appropriations subject to limitation are estimated for past, current and budget year.

State Appropriation Limit Article XIIIB (In millions)

	Base	1979-80	1980-81	1981-82	1982-83	1983-84
Appropriation Limit	\$12,564	\$14,195	\$16,236	\$18,028	\$19,594	\$20,822
Appropriations Subject to						
Limit	-		15,442	16,719	16,971	17,480
Amount Under Limit	_	_	\$794	\$1,309	\$2,623	\$3,342

State-Mandated Local Programs

HISTORY

Chapter 1406, Statutes of 1972 (SB 90), was the first significant effort by the State to restrict the growth in property taxes. This legislation established maximum property tax rates to limit the amounts collected by local government and, at the same time, required the State to reimburse local government for the costs of any state-mandated programs enacted after January 1, 1973. In addition it required state reimbursement of certain property, sales and use tax revenue losses resulting from state legislation.

In the years since 1972, a number of modifications to the original SB 90 have been enacted. These modifications have generally served to broaden the scope of activities which qualify for state reimbursement. For example, the State Board Control was expanded in 1975 from three to five members and empowered to accept and arbitrate claims from local government alleging that either legislation or executive regulations inappropriately failed to provide reimbursement of state-mandated costs.

At the November 6, 1979 general election, the voters approved Proposition 4 (the "Gann Initiative") which included, among other things, the following language:

"Section 6. Whenever the Legislature or any state agency mandates a new program or higher level service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- a. Legislative mandates requested by the local agency affected;
- b. Legislation defining a new crime or changing an existing definition of a crime; or
- c. Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975."

The effect of this constitutional amendment is to elevate this program of reimbursing statemandated costs to a constitutional rather than a statutory requirement. It should be noted, however, that the initiative is silent on the issue of reimbursing property, sales, and use tax revenue losses which result from state legislation.

OPERATIONS

Since the institution of the reimbursement program in 1973, many bills have been enacted which have provided funds to reimburse local governmental entities for costs incurred because of state mandates. For these programs, the State Controller develops and disseminates instructions for payment of claims against the specific statutes. In the event that there are insufficient funds to pay all of the claims, the available funds are prorated among the claimants and additional funds are requested from the Legislature.

After the passage of original SB 90 legislation, policy statements explaining the Legislature's rationale for finding that reimbursement of local costs resulting from a particular statute was not required (i.e., "disclaimers") were developed and included in legislation. When the Legislature decides to include a disclaimer in a bill, one of the following types of disclaimer is usually employed:

- 1. Local request;
- 2. Crimes and infractions;
- 3. Court mandate:
- 4. Federal mandate;
- 5. Voter-approved mandate;
- 6. Cost-savings;
- 7. Self-financing authority; or
- 8. General.

The first two disclaimers are clearly constitutional. In addition, all but the last of the other six disclaimers, while not specifically delineated in the Constitution, appear to be consistent with constitutional intent and are therefore also appropriate. Absent compelling reason to the contrary, this Administration believes that any legislation which mandates any reimbursable (i.e., non-disclaimable) costs on local government should provide an appropriation therefor.

From the standpoint of local government, there is a continuing concern about legislative action which results in mandated costs claimed through the Board of Control process. A statute may impose a requirement on local government without an appropriation to reimburse them for the costs of implementing the requirement. Without those resources, local government must utilize the claims process and hope that the Board of Control finds that the statute mandates a duty and agrees, further, that costs have been incurred and are reimbursable by the State. The second hurdle in this process arises when the claims bill, sponsored by the Board of Control, is considered by the Legislature. There is no guarantee that funding will be provided at that time.

Another concern of local government is the time elapsed between the point when costs are incurred and when a warrant is finally received from the State. This time frame may be as long as one and one-half years from the date of implementation to the receipt of the reimbursement.

Further, local government is also concerned about the degree of detail and personnel time involved in its claims preparation, presentation, and follow-up activities in the Board of Control process.

PROGRAM GROWTH

State expenditures under the SB 90 program have grown from \$2.9 million in 1973–74 to an estimated \$75 million in 1983–84.

In previous Governor's Budgets and budget acts, funds to reimburse state-mandated local costs were included in the local assistance budget of the state agency whose program responsibilities most closely approximated the subject matter of the mandated program. For example, funds to reimburse school districts for the costs of collective bargaining were included in the Department of Education's budget.

For 1983-84, in order to more clearly depict the total cumulative effect of the mandate reimbursement program, the funding for all statemandated local programs is presented in a single budget display. The costs of the individual components of the program are also shown parenthetically in the budget of the appropriate state agency.

State Construction Programs

Capital outlay construction is divided into several programs the most encompassing of which is the State Building Program. This program includes proposed capital outlay requirements for publicly supported higher education, mental health, developmental services, corrections, and general office space. It also provides for meeting the requirements of several departments, including Forestry, Fish and Game, Motor Vehicles, California Highway Patrol, the State Highway Program, and the Department of General Services.

The sources from which the capital outlay program is funded are:

- Current revenues and any accumulated balances in governmental cost funds including moneys collected in the form of taxes, license and permit fees, interest on investment, and similar items of income.
- 2. Proceeds from the sale of general obligation bonds secured by the "full faith and credit" of the State. Outstanding bonds of this kind include State Construction Program bonds, and State Beach, Park, Recreational, and Historical Facilities bonds. The repayment of principal and interest on such indebtedness constitutes a preferred claim on the financial resources of the State. Within this classification falls a special category referred to as "self-liquidating" bonds. Bonds in this category are the California Water Resources Development bonds. In the case of this special grouping, such bonds, although legally possessed by the characteristics of general obligation bonds, are serviced from the revenues produced by the ventures or projects financed in this manner.
- 3. Revenue bonds that are secured solely by the income derived from the use and operation of the facilities thus funded.
- 4. Trust certificates representing a form of capital financing which makes use of the large balances accumulated in trust accounts or funds of the State. Because such

funds are dedicated to meet future obligations, sound fiscal management dictates the investment of the currently unneeded cash in these accounts and funds. One way of investing these moneys is to purchase trust certificates issued by the State for the construction of general purpose office buildings.

- 5. The Public Resources Code, as amended by Chapter 89, Statutes of 1980, provides for the allocation of revenues received by the State from the sale of oil produced from tidelands which are principally located adjacent to the City of Long Beach. Commencing in 1980-81, capital outlay expenditures which were made from the General Fund in past years are now made from the Special Account for Capital Outlay, one of the funds which receives tidelands oil revenue. For a discussion of the way in which tidelands oil revenues are distributed, please refer to the Tidelands Oil Income portion of the A pages commencing on Page A-__.
- 6. Funding for all higher education capital outlay is from four sources: 1) the Capital Outlay Fund for Public Higher Education; 2) proceeds from the sale of Health Science Facilities Construction Program Bonds; 3) the Energy and Resources Fund; and 4) the Community College Construction Program Bond Act of 1972. For the distribution of these funds, see the Higher Education Capital Outlay portion of the A pages, Table __. All expenditures from these funds will be appropriated through the annual budget bill.

To provide a complete and comprehensive picture of the State's capital outlay program, all proposed projects are included in the capital outlay budget regardless of the source of financing. Following the generally accepted principles of governmental accounting, however, only expenditures from governmental cost funds are included in the budget totals. Governmental cost

fund along with selected bond fund expenditures are included in the overall expenditure totals. Expenditures from bond proceeds and other forms of borrowing are reported as expenditures in the fiscal years in which the payments on principal and interest are made.

The construction of state facilities has been significantly slowed because of fiscal constraints on the State. Specific capital outlay expenditures include the following:

DEPARTMENT OF GENERAL SERVICES

The Department of General Services' 1983–84 capital outlay program proposes total expenditures of \$5.2 million, which includes approximately \$1 million to modify state building elevators to conform to earthquake safety standards. In addition, approximately \$2 million is to modify state high rise buildings to conform to fire and life safety standards.

This budget also proposes continuation of the PCB disposal program with a \$1.8 million pro-

gram.

DEPARTMENT OF VETERANS AFFAIRS

The Department of Veterans Affairs capital outlay program for 1983–84 proposes \$3,512,000 for the Veterans Home. This amount is chiefly for projects necessary to meet licensing and accreditation requirements and fire and life safety requirements, and is a continuation of the corrective work already in progress.

DEPARTMENT OF CORRECTIONS

Population pressures continue to impact California's prison system. As a result of the surge in population, the prison system must accelerate construction of inmate housing. To meet increased inmate population needs, the Department of Corrections proposes funding for a construction program authorized in Chapter 273, Statutes of 1981 (SB 153). Specific projects to be constructed include new capacity for 2,700 inmates at Tehachapi and Folsom.

This budget includes \$138.5 million for a 2,-700 bed construction program for new permanent facilities, as well as a second construction program of \$106 million for 8,000 additional temporary beds. Revision of construction plans to include temporary housing is a result of the population pressures which now demand accel-

eration of new bed capacity plans which were originally scheduled for later years by the Department of Corrections. The new housing will be in the form of temporary housing units (modular type construction) planned for phased-in occupancy by 1984 on existing state prison properties.

This budget therefore proposes a total of \$244.5 million for construction of new bed capacity which is to be funded from bond proceeds authorized by Chapter 273, Statutes of 1981. Chapter 273 placed the "New Prison Construction Bond Act of 1981" on the June, 1982 Ballot and received voter approval. This measure authorizes the issuance of \$495 million in State general obligation bonds to finance construction, renovation, remodeling and deferred maintenance of the State's correctional facilities.

The balance of the department's maintenance and construction program is directed at correcting health, safety and security deficiencies, and maintaining utility systems at an adequate service level. These projects are funded from the Special Account for Capital Outlay. Proposed funding for these types of projects during 1983–84 is \$14.8 million.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services' capital outlay program in the 1983–84 fiscal year is budgeted at \$6.2 million for renovation and improvements in the nine state hospitals operated by the department in the current year. The department has met its commitment to assure that all clients reside in code conforming buildings by July 17, 1982. The 1983–84 proposed budget reflects \$4,786,000 for the Special Account for Capital Outlay (SAFCO) projects and \$1,409,000 for Energy and Resources Fund (ERF) projects.

DEPARTMENT OF MENTAL HEALTH

The Department of Mental Health's 1983–84 capital outlay program proposes \$1,670,000 for renovation and other improvements, as well as energy conservation projects. These projects will be at Atascadero, Metropolitan and Patton State Hospitals, which are directly administered by the Department of Mental Health and are three of the state facilities serving the mentally disabled population.

Tax Expenditures

OVERVIEW

The Department of Finance is required by statute to include a report on tax expenditures in the Governor's Budget every other year. Typically, a budget reflects only appropriated expenditures. A tax expenditure, on the other hand, is a revenue reduction which occurs as a result of an exemption, exclusion, deduction, deferral, credit or preferential rate in the tax laws. Such revenue reductions are similar to payments made by government except that they are made through a reduction in taxes rather than through the usual legislative appropriation process.

Budget appropriations are subject to annual review by the Legislature and must be passed by a two-thirds vote. A tax expenditure, on the other hand, can be passed by a simple majority vote, although a two-thirds vote is required to eliminate a tax expenditure once it is in place.

It is currently estimated that state tax expenditures for 1983-84 will amount to \$9 billion, equivalent to approximately one-third of the total state budget.

Over the years, tax expenditures have been established for a variety of reasons.

1. Federal conformity

Many tax expenditures were enacted to conform California tax law with federal law. An illustration is the exclusion from income of the excess value of employee stock options, enacted in 1982.

2. Removal of inequities

On occasion, the tax structure imposes apparent inequities on a particular group and corrective legislation is therefore enacted. Credits allowed for income taxes paid to other states is an example of such a tax expenditure.

3. Ease of administration

Some items are excluded from taxation because of difficulty in administration, either on the part of the taxpayer or the tax collector. Intangible property such as stocks and bonds are excluded from the property tax largely because of the difficulties inherent in locating and assessing such property.

4. Tax reduction for individuals, business and groups.

This category represents most tax expenditures. Examples include the personal credits allowed income taxpayers, the depletion allowance for oil and gas producers, and the property and income tax exemptions for specified nonprofit organizations.

Tax expenditures may be enacted initially to support desirable social objectives or to provide needed tax relief to a group with particular tax problems. Other expenditures, however, provide favorable tax treatment for special interest groups.

Many tax expenditures are appropriate since they reflect current social conditions or broad social values. Others may have outlived their usefulness and be prime candidates for modification. In general, most tax expenditures were added to the tax code for an indefinite period. Little attention is given on a year-to-year basis as to whether or not the stated objective for the tax expenditure has been attained or priorities have changed since enactment.

Efforts to change tax expenditure provisions frequently run into opposition from special interest groups. In general, tax expenditures are not even reviewed unless they have received unfavorable publicity, federal law affecting similar provisions has been changed, or the law enacting the tax expenditure has a sunset provision which repeals the measure on a given date.

TAX EXPENDITURES DEFINED

Tax expenditures are not always easily defined or identified. It is often difficult to distinguish between tax expenditures and provisions of the tax codes which are considered part of the normal structure of the tax law. For example, the exclusion of services and admission fees from the sales tax are not considered tax expenditures since the sales tax law relates only to sales and leases of tangible personal property. Any tax exemption or exclusion specified in the State or Federal Constitution is not a tax expenditure, since it reflects the basic law of the land.

Tax expenditures are defined in the following ways:

- 1. Special exclusions, exemptions and reductions which reduce taxable income.
- 2. Preferential rates which reduce taxes by providing a lower tax rate on similar activities or income.
- 3. Special credits which are subtracted from actual taxes due.
- 4. Deferral of taxes which generally results from allowing in the current year deductions that are properly attributable to a future year.

In this analysis, no business expenses are considered tax expenditures. There are some such expenses which may be of a questionable nature, however, and which could easily be included as tax expenditures. Notable examples include excessive lunch expenses, season tickets to sporting events, and the abuse of the deduction for car leases. Such costs are generally unrelated to the primary activity of a business, and could be subjected to a critical review to determine whether or not their deductibility should be continued.

Much has been written on tax expenditures starting with the original work by Stanley Surrey in 1969. In general, tax expenditures have been regarded as a government subsidy for upper income individuals and business, little different from the numerous benefits made available to lower income persons. It has been pointed out that tax expenditures for particular groups are often disguised in order to increase their general acceptability.

It may be argued that such general statements overlook the fact that many tax laws reflect social values and benefit the majority of the population.

Tax expenditures can generally be grouped under two categories:

—those which benefit the large majority of the population or are enacted by the vote of the populace; and

—those which benefit a relatively small group of taxpayers, and are better described as tax loopholes.

Many, if not most, tax expenditures can be easily placed under one of these two categories. Some, such as the unlimited deduction permitted for mortgage interest payments, probably fall somewhere between the two choices.

The deduction for mortgage interest is a good

example of the mid-ground tax expenditure. This deduction subsidizes the homeowner through the tax deduction allowed. Without this particular deduction some individuals would have been unable to afford their own homes. To the extent that homeownership is a desirable social value, such a tax expenditure has merit.

On the other hand, it can be argued that the deduction encourages over-consumption of housing since an individual can buy a more expensive home solely because of the tax deduction allowed for higher mortgage interest payments. Similarly, the deduction for interest on margin accounts may be regarded as subsidizing stock market speculation.

Significant tax reductions enacted to avoid excessive "double" taxation fall into the highly beneficial category. The deductions permitted for sales tax, state income taxes (on federal returns) and property taxes are examples in this case.

Other tax expenditures favoring one particular group typify the loophole category. Abusive tax shelters and the nontaxable status of alreadyrealized capital gains on inherited property are cases in point.

In fact, tax expenditures do generally benefit higher income individuals more than low income individuals. It may be argued by some, however, that the benefits actually stimulate economic activity and help achieve desirable economic and social goals.

Given all these considerations, it is difficult to say which tax expenditures should be continued automatically and which should be reviewed periodically for either reenactment or elimination.

There is no doubt that some tax expenditures should be altered over time. One such example is the casualty loss provision. Federal law was changed to allow losses in excess of 10 percent of adjusted gross income rather than losses over \$100. State law still permits writeoffs of losses in excess of \$100. It could be argued, therefore, that this is one tax expenditure item which should be reexamined in California with consideration of conformity.

MEASURING TAX EXPENDITURES

Since tax expenditures represent revenue which the government does not collect, measurement presents special problems. Normally

the revenue loss from each tax expenditure is estimated by comparing collections under current law with collections that would occur if the special provision had never been enacted. This approach assumes both taxpayer behavior and all other tax code provisions remain the same as under existing law. This presents certain problems, however, because of the interaction among tax expenditures.

Some items can not be estimated even roughly due to inadequate information. Beyond this are further complicating factors. Tax expenditure estimates, for example, cannot simply be added together to derive a total. The revenue gain resulting from the tax expenditure items could be greater than the sum of the two estimates. For instance, taxing interest income from state and local government securities and capital gains at ordinary income rates would push many individuals into higher tax brackets than if just one of these sources of income became taxable. The combined effect on revenue would be greater than the sum of the separate estimates.

Conversely, there are tax expenditures which, when lumped together, produce a smaller revenue gain than the sum of the individual estimates. If the deductability of mortgage interest payments and homeowner property taxes were both repealed and the standard deduction remained unchanged, many individuals who now itemize would opt for the standard deduction and thus limit the revenue gain attributable to the repealed provisions.

Even with these limitations estimates of the total value of tax expenditures are useful. They permit the costs and benefits of alternative tax provisions to be compared and are helpful in examining growth in tax expenditures.

GROWTH OVER TIME

The first Tax Expenditure Report prepared by the Department of Finance identified tax expenditures for 1972–73 amounting to \$2.1 billion. That figure has grown by more than 300 percent to an estimated \$9 billion as of 1983–84. Tax collections grew by only 234 percent over the same period.

Legislation has contributed to the growth in tax expenditures. In the past ten years, at least 100 tax expenditures were enacted by the Legislature while only a few were eliminated. Phaseout of the gas tax deduction, for instance, was

done not in response to the energy supply problem, but to provide funding for two new tax expenditures—the State's ride sharing program and the exemption for annual interest payments on certain IRA accounts.

It is interesting to note that the voters of California were responsible for the elimination of \$1.4 billion of tax expenditures. In June 1982, measures to eliminate the inheritance and gift taxes were adopted by the voters. The inheritance tax contained preferential rates that amounted to tax expenditures of \$1.3 billion. Preferential rates and exemptions accounted for approximately \$140 million under the gift tax. By eliminating these two taxes, the overall tax expenditure total was reduced.

The personal income tax accounts for the bulk of all tax expenditures. For 1983-84 it is estimated that income tax provisions alone will account for more than \$5.9 billion of tax expenditures. It will be immediately evident that a reduction of tax expenditures—eliminating some of the deductions currently permitted—could help provide additional income to meet the State's current fiscal needs and could, over the longer run, permit a reduction in tax rates or a substantial widening of tax brackets.

The Sales and Use Tax Law contains identifiable tax expenditures of approximately \$2.7 billion. The largest individual item is the exemption of food for home consumption. It is not suggested that this tax exemption should be changed since it would impact most greatly on those individuals who can least afford an increased tax burden. Other exemptions, however, such as those for candy and vending machines, are subject to greater debate since they are not related to essential consumption.

Other tax expenditure items are smaller, ranging from a total of \$236 million for the bank and corporation tax down to \$2 million for the horse racing tax.

IDENTIFIABLE TAX EXPENDITURES

As noted previously, tax expenditures amounting to \$9 billion have been identified for the State for 1983-84. For comparison, it has been estimated that federal tax expenditures for 1981-82 had grown to \$253.5 billion, reflecting 8.3 percent of gross national product.

The state total is far from a precise estimate, however. There are, for example, about 500 ex-

emptions from the sales and use tax. Only a handful of these have been priced out. In addition, local governments also experience revenue losses. Sales tax reductions result in a revenue loss for local governments since they receive 20 percent of the sales tax collected by the State.

Many tax expenditures serve a useful purpose or reflect values of society and therefore should be continued. Others, however, should be examined critically with the intent of eliminating unnecessary provisions from the tax laws.

RECOMMENDATIONS

The tax expenditure report has had little impact in the 11 years that it has been in existence. Few deductions have been removed. More significant, numerous other deductions, exemptions, credits, deferrals and exclusions have been enacted.

A desirable feature has been that of sunsetting tax expenditures. Under sunsetting each tax expenditure contains provisions of an expiration date. This forces legislative review at set intervals to determine if the tax expenditure is necessary. It has been recommended that the Legislature consider:

- 1. Whether or not the tax expenditure is still cost effective;
- 2. Whether it diverts state resources into desirable program areas;
- 3. How much should be spent on individual tax expenditure programs;
- 4. If the tax expenditure program is working well to achieve the desired objective; and
- 5. If the beneficiaries of the program are indeed those intended when the law was originally enacted.

These are standard questions asked in any analysis of ordinary budget programs. It is appropriate that they also be asked of tax expenditure programs which are not part of the normal appropriation process and require only a simple majority for passage. Unfortunately, tax expenditures once enacted generally stay enacted with little, if any, review process. It is therefore more important than ever to address these five critical questions during legislative consideration of tax expenditures.

The critical financial situation of the State makes it imperative that the tax base be maintained. This can be accomplished in part by not enacting any new tax expenditure laws which would erode the existing tax base.

A further step is to get consideration for selective elimination of tax expenditures which may no longer be necessary in the current environment or which do not serve the needs for which they were originally intended. Furthermore, changing economic and social conditions over time set the stage for reconsideration of selected tax expenditures with a view toward elimination.

Solar and Alternative Energy Credits

It is recommended that the solar and other energy tax credits be eliminated. At the present time this tax credit costs the State \$135 million annually in terms of foregone revenue. There are four justifications for the elimination of this credit.

- 1. Solar installations receive a 40 percent federal tax credit. It seems unnecessary for the State to subsidize the program further. In fact, the relatively small state tax credit can not have any significant impact on decisions of whether or not to install solar devices for anything other than swimming pools.
- 2. The bulk of solar installations to date have been for heating swimming pools, which may be regarded as a luxury item.
- The beneficiaries of the tax credit are higher income individuals whose spending decisions may not be influenced by the availability or the nonavailability of the credit.
- 4. The tax credit has given the industry sufficient time to establish itself, and it should not require further subsidy.

The Tax Expenditure Report

The second recommendation is that the Tax Expenditure Report itself be eliminated. Over the years recommendations have been made to limit tax expenditures. Unfortunately, the report seems to have had little impact, since a number of tax expenditures have been adopted over the last decade. Even the sunsetting recommendation, partially adopted, has proved to be ineffective since a tax expenditure once enacted is easily reenacted upon its expiration. Special interest groups have been too effective in maintaining their special privileges to achieve any significant reform.

Table 1 which follows summarizes the recom-

mendations which have appeared in prior Tax Expenditure Reports and the resulting legislative action. Tables 2 and 3 indicate the initial value of newly enacted and eliminated tax expenditures over the past decade. It will be immediately apparent that the report has not restrained the growth of tax expenditures nor encouraged the elimination of outdated measures.

It therefore seems unnecessary to review and reestimate the value of tax expenditures even on a biannual basis. The Department of Finance will be able, with the cooperation of other state agencies, to prepare analyses on overall tax expenditures or individual items for special studies or legislative consideration.

Table 4 indicates estimated values for identified tax expenditures as of 1983-84.

TABLE 1 TAX EXPENDITURE REPORT RECOMMENDATIONS SINCE 1972

Year	Recommendation	Action
1974	Elimination of tax expenditure report if no meaningful review is to be undertaken.	None
1976	Triennial expiration date for selected tax expenditures unless reenacted by the Legislature. Eliminate:	None
	Option to pay on cost rather than rental receipts: Sales and Use Tax.	None
	Exemption of monetized bullion from sales tax.	None
	Exemption of gold and silver bullion from sales tax.	Repealed in 1979
	Exemption of ice used for packing and shipping from sales tax.	Repealed in 1979
	Exemption from use tax for banks making out-of-state purchases.	None
	Exemption from local sales tax for purchases made for commercial waterborne vessels and aircraft.	None
	Exemption from the alcoholic beverage tax for beer sold at military facilities.	Repealed, effective January 1, 1980
	Exemption for banks from paying the energy resources surcharge.	None
1977	Eliminate \$30,000 corporate income exemption: corporate preference tax.	None
	Increase corporate preference tax rate to 4.5 percent from 2.5 percent.	None
	Include excess allowed by expensing of exploration and development expenses as an item of tax preference under both personal and corporate taxes.	None
	Limit depletion allowance for mines to cost.	None
	Require capitalization and amortization of: Soil and water conservation costs	None
	Research and experimental costs	None
	Trademark or tradename costs	None
	Circulation costs	None
	Organization costs	None
	Establish December 31, 1980 expiration date for any of the above items which are retained.	None
	Legislative Study on: Military pay exclusion	None
	Tax exempt status for social security	None
	Tax exempt status for unemployment insurance	None
	Exemption of cooperatives' income from taxation	None
	Treatment of deferred compensation	None
1979	Legislature should consider: Exempting works of art from property tax only if displayed without admission charge in California.	None
	Requiring some free admission to exhibits brought into California as a condition for exemption.	None
	Requiring all hospitals to maintain and staff emergency facilities as a condition for exemption from property tax.	None
	Requiring tax exempt schools and colleges to make some facilities (e.g. meeting rooms) available to community organizations or to provide library access to local residents as a condition for exemption from property tax.	None
	Disallowing property tax exemptions for organizations other than religious or ethnic which practice discrimination against a segment of the population (e.g. the elderly or handicapped).	None
	Every study should contain firm recommendation as to continuation or curtailment of the program.	None
1980	Include expiration date in all tax expenditure provisions to insure periodic review.	None
	Legislative study on feasibility of limiting charitable exemption to charities which operate within California.	None
	Legislative review of the life insurance exclusion under the inheritance tax.	None
	Legislative review of the tax rates and exemptions for interspousal transfers under the inheritance and gift taxes.	None
1981	Legislature must include three year expiration date for every tax expenditure enacted.	None
	No tax expenditure can be reenacted unless studied by the Legislature during the interim.	None
1982	Legislature must include three year expiration date for every tax expenditure enacted.	None
	No tax expenditure can be reenacted unless studied by the Legislature during the interim.	None

				Year			1st Full
	OD TAX	TABLE 2	105 4070	Enacted	Chapter	Description	Year Cost
MAJ	UR IA	(EXPENDITURES ENACTED SIN (thousands)	ICE 19/2			Sales and use tax:	
Year		(tilousalius)	1st Full		1182	Exempts sales of vitamins by chiro- practors	82
Enacted	Chapter	Description	Year Cost		39	Exempts PTA	70
1972		Personal income tax:				Horse racing tax:	
	1406	Expand renter credit	\$70,000		129	Reduce license fees, small meets	825
	988	Military income exclusion	2,000			Inheritance tax:	
	1359 1429	Military pension exclusion Surviving spouse conformity	1,750 600		1388	Excludes certain gifts	5,000
	909	Personal credit	40	1979		Personal income tax:	
	,				1182	Jobs tax credit	5,900
	1065	Bank and corporation tax: Conformity	3,500		1	IRA time extension	1,000
	1005		5,500		1168	Conformity	700
	1002	Sales and use tax: Factory built housing	1,410			Bank and corporation tax:	£ 000
	19	Institutional meals	370		1182 937	Jobs tax credit Extend charitable deduction,	5,900
	877.	Artificial limbs	100		731	donated food	225
		Property tax:					
	1	Expand homeowners' exemption			1180	Sales and use tax: Partial exemption, mobile homes	8,100
		to co-operative housing	2,500		1048	Food exemption, senior citizens'	2,100
1973		Sales and use tax:				homes	_,
	1019	Exempt monetized bullion	1,800		1160	Partial exemption, mobile homes	761
1974		Personal income tax:			1161	Special treatment, mobile transpor-	585
.,,,	1438	Charitable contribution carryover	4,000			tation equipment	
	994	Dependent care deduction	2,000			Motor vehicle fees:	
		Sales and use tax:			612	Exemption for disabled veterans	33
	1406	Exempt trailers and semitrailers	270			Property tax:	
	1010	Exempt camp trailers and house	110		1150	Inventory exemption	172,000
		cars		1980		Personal income tax:	
1975		Sales and use tax:			904	Energy conservation credit	25,000
	1116	Exempt master tapes	2,500		903	Solar energy credit	15,000
1976		Personal income tax:			1327 1328	Pollution control facilities Cogeneration equipment	1,000
	1060	Low income credit	33,000		1326	treatment	1,000
	534	IRA	6,000		906	Solar credit for agriculture	750
	168	Solar energy credit	1,500		1346	Pollution control equipment	
		Bank and corporation tax:				credit	200
	168	Solar energy credit	1,000		900 1257	Irrigation systems credit	100
	1142	Horse racing tax: Preferential rate, small meets	600		1237	Expand charitable contribution deduction	100
	28	Reduced license fees, small meets	175				100
1977			1,0		904	Bank and corporation tax: Energy conservation credit	25,000
19//	1082	Personal income tax: Expand solar energy credit	15,000		390	Unitary treatment, California	23,000
	1100	Water conservation credit	500			corporations	16,000
	816	Expand adoption deduction	50		903	Solar energy credit	15,000
1977		Bank and corporation tax:			1346	Pollution control equipment	
	1082		£ 000		1227	credit Pollution control facilities	1,400 1,000
	1100	Expand solar energy credit Water conservation credit	5,000 500		1327 1328	Cogeneration equipment	1,000
	977	Charitable deduction, donated	500		1020	treatment	1,000
		food			906	Solar credit for agriculture	750
		Sales and use tax:				Sales and use tax:	
	1245	Exemption for prosthetic and am-			1348	Bottled water exemption	3,600
		bulatory devices	2,300		1077	Partial exemption, gasohol	1,550
	1134	Reenact factory built housing	270		1352	Special treatment, mobile transpor-	1,000
		treatment			1246	tation equipment Reenact factory built housing	895
	764	Horse racing tax:			1240	treatment	675
	764 11	Provide relief for small tracks Reduce license fees, certain tracks	265 110		645	Exempt meals for certain elderly	
			110			condominium owners	64
1978		Personal income tax:	700.000		1290	Exempt certain cargo containers	47
	569 569	One-time tax credit Exclusion of gain from sale of	700,000 25,000			Inheritance tax:	
	30)	home	25,000		634	Exempt spouses from tax, in-	
	569	Elderly tax credit	8,000			creased exemption for other	117.000
	1159	Solar energy credit	900			beneficiaries	117,000
		Bank and corporation tax:			371	Motor vehicle fees:	
	155	Provide for early refunds	7,000		371	Exempt motor homes used as residence for disabled veterans	150
	1159	Solar energy credit	100			Total tot annoted retoralls	

Year			Ist Full	TABLE 4	
Enacted C	Chapter	•	Year Cost	IDENTIFIABLE TAX EXPENDITURES	
	1280	Alcoholic beverage tax: Exempt military sales for all al-		1983–84	
	1200	coholic beverages except beer	200	(In millions)	
1981	1	Personal income tax:		Personal income taxes	\$5,890
	844	Ridesharing tax credit	500	Retail sales and use taxes Bank and corporation tax	2,733 236
	1085	Credit for conversion to alcohol	1 500	Motor vehicle fuel taxes	103
	1050	fuel Energy conservation credit	50	Insurance tax	57
	1050		50	Cigarette tax	14
	844	Bank and corporation tax: Ridesharing tax credit	2,200	Horse racing	2
	1085	Credit for conversion to alcohol			\$9,035
	1050	fuel			
	1050	Energy conservation credit	50	Personal Income Tax	
	5X	Inheritance and gift taxes: Preferential interest rate on delin-		Interest expense	\$1,830
		quent accounts	60,000	Personal and dependent credit	665
1982	,	Personal income tax:	,	Capital gains exclusion	465 440
1701	1525	IRA interest exemption	20,000	Property, sales, and vehicle taxes	412
	1454	Federal conformity	6,400	Standard deduction	315
	1558	Exemption for excess value of em-		Head of household status	200
		ployee stock options (net revenue		Employer contributions to pension plans	187
	25	cost) Ridesharing income exclusion	2,900 1,000	Employer contributions to health plans	165 150
	376	Special treatment for losses	1,000	Employee business expense	145
		Sales and use tax:		Medical expenses	135
	1530	Extends various medical exemp-	10,100	Income averaging	100 80
		tions		Social Security income	80
	951 1274	Master tapes exemption	5,500	ment accounts	75
	12/4	Custom computer programming exemption	4,800	Solar energy credit	75
	1423	Oxygen exemption	100	Interest on government bonds	70
	301	X-Ray film, special treatment	40	Capital gains on death	65 50
		Motor vehicle fuel tax:		Energy conservation measures	50
	1500	Partial exemption for handi-		Expensing of certain agricultural costs	45
		capped services	100	Compensation for injuries or sickness	40 25
	46	Motor vehicle fees:		Accelerated depreciation	20
	46	Exempts ridesharing vehicles	64	Taxes paid to another state	15
		TABLE 3		Exclusion of \$125,000 of gain from sale of home	15
T	AX EXP	PENDITURES ELIMINATED SINC	CE 1972	Meals and lodging furnished by employer	15 15
		(thousands)	Ist Full	Scholarships and fellowships	5
Year	Chapter	Description	Year Savings	Exploration and development costs	5
1972		None		Percentage depletion	4
1973		None		Timber valuation for capital gains	4
1974		None		Political contributions	2
1975		Bank and corporation tax:		Low income credit	1
	75 575	Limit oil and gas depletion Repeal bank exemption from vehi-	\$34,000 165	Alcohol fuel conversion credit and ridesharing credit	1
	3.3	cle license fees	105		\$5,890
		Cigarette tax:			
	1235	Repeal military exemption	250	Sales and Use Tax	
		(Reenacted effective 6/7/76)		Food consumed at home	\$1,125
1976		Alcoholic beverage tax:		Gas, electricity and water	885
	128	Repeal military beer exemption, ef- fective 1/1/80	350	Vessels and aircraft	280
1055				Cargo and returnable containers Prescription medicines	150 95
1977 1978		None None		Candy	70
				Newspapers and periodicals	38
1979	1150	Sales and use tax: Repealed bank exemption from use	5,000	Leases of motion pictures Option to pay on cost rather than rental receipts	30 21
	1150	tax	5,000	Vending machines (33% provision)	17
	1150	Repealed exemptions for gold and		Master tapes	8
		silver bullion, ice and cargo con-		Custom computer programs	5
		tainers		Sales by charitable organizations	4 2
1982	502	Personal income tax: Restrict gas tax deduction	9,400	Optometrists and podiatrists	2
	1525	Phase out gas tax deduction (no		Hot food sold to airlines	
		net revenue gain until 1984-85)			\$2,733

Bank and Corporation Tax

Research and experimental expenses	\$65
Exploration and development expenses	50
Accelerated depreciation	50
Exempt corporations (from minimum tax only)	15
Charitable contributions	15
Depreciation of low-income rental housing	7
Exemption from preference tax	7
Bad debt reserves	6
Percentage depletion	5
Energy conservation measures	5
Solar energy systems	5
Jobs tax credit	2
Certain agricultural costs	2
Pollution equipment	2
	- C226
	\$236

Other Taxes

Motor vehicle fuel taxes	
Aircraft uses (primarily commercial)	58
Sales to military	4:
	\$103
Insurance	
Nonprofit hospital service plans	\$4:
Pensions and profit-sharing	9
Fraternal benefit societies	
	\$51
Cigarette Tax Sales to military	\$14
Horseracing tax	
Preferential breakage treatment	\$2

Revenue Estimates

THE ECONOMIC OUTLOOK

The Nation

The economic outlook continues to remain uncertain. During the final quarter of 1982, when the forecast included in this budget was being prepared, few positive aspects could be discerned.

Declining interest rates provided a stimulus for the housing market and sales of 1982 model year cars. Other consumer sectors and business investment, however, remained weak. Rising unemployment and only slow income growth were contributing to the consumer's reluctance to take on major purchases.

Investment decisions were being put off, with nearly one-third of the nation's industrial capacity idle, rising vacancy rates in office and commercial projects, and the widespread belief that 1983 would see a moderate recovery at best.

The unsettled fiscal scene, with the federal budget deficit rising steadily and the threat of a credit crunch caused by heavy Treasury borrowings, added to the generally pessimistic mood.

Most forecasts were lowered dramatically during November and December, reflecting downward revisions in key data and the absence of a strong sales performance before the critical holiday period.

Real gross national product is now expected to be up 2.2 percent for 1983—a moderate recovery by historical standards. The recession will have run for six quarters from July 1981 to January 1983, making it the longest of the postwar period.

Recovery will be led by the consumer. Confidence will be restored gradually by a number of factors:

- -declining interest rates
- -peaking of the jobless rate
- —the low level of personal debt in relation to income
- -moderate inflation trends

Interest rates will play the critical role. There are continuing concerns about the effect of heavy Treasury borrowings to cover the an-

ticipated \$175 billion to \$200 billion federal deficit. If the demand for funds from the private sector rises sharply during the next several months, the combined Treasury-private credit demand could lead to a resurgence in interest rates. Such a development would effectively stiffle even a modest movement toward recovery.

If private credit demands continue restrained, as they have for the past several months, Treasury needs can be accommodated. Further easing in interest rates would then be possible. This is the basic assumption of the economic forecast given here.

The Federal Reserve Board (Fed) is no longer following a strict policy of controlling the money supply. The various types of money market accounts now available have distorted monetary figures, forcing a shift to consideration of interest rates as well.

The importance of lower interest rates was evident in the auto sector late last year. The introduction of lending rates between 9.9 and 10.9 percent led to a strong rebound in sales. Housing starts also surged when mortgage rates were lowered significantly.

The consumer credit situation has improved dramatically over the past year. Outstanding credit reached a peak of 15.2 percent of income in December 1979. Since then, it has fallen to 12.8 percent. Two factors contributed to this development: the credit controls imposed early in 1980; and the restrained level of spending, particularly for big ticket items, during the latest recession. A major expansion of spending is possible once the recovery gets underway.

The federal tax cut situation is a positive factor in the outlook for 1983. The mid-1982 cut was not fully felt by individuals, due to the way in which withholding tables were adjusted. Many persons who did not get the full 10 percent cut last year will receive the balance through lower final payments or higher refunds this spring. They will also benefit from the final installment of the tax reduction effective July 1, 1983. This should reinforce recovery during the current year.

The auto industry, in particular, will benefit from the credit situation and lower interest rates. The forecast indicates a steady gain in new car sales, with momentum building from the second quarter. Overall, 8.6 million units (domestic and imports) are expected for 1983, with 1984 leveling out at slightly more than ten million units.

Employment growth will be slow. Employers will rehire or expand only gradually until it is evident that a sustained expansion is underway. For this reason, unemployment rates will remain high, with no substantial decline until 1984. Increased productivity, however, will strengthen corporate profits.

Perhaps the best aspect of the outlook relates to inflation. Price increases have been reduced dramatically as a result of the slow pace of activity. Falling mortgage rates and easing home prices are having a major impact on the consumer price index. It is now estimated that the U.S. CPI will be up 5.5 percent this year, compared with a 6.3 percent rise in 1982 and a 10.4 percent increase for 1981.

The investment sector still faces problems. The low rate of plant utilization is a major deterrent to expansion and modernization plans. Another factor is the high vacancy rate for commercial and office space in many areas. This will effectively dampen nonresidential construction.

Housing investment will be up, in contrast, with lower mortgage rates spurring both resales and new construction. The 1983 forecast is for 1.34 million housing starts, nearly a one-third gain from the 1982 level. This will be a moderate increase considering the backlogged demand which exists. Housing activity will not return to a more normal pace until the end of 1984.

Income gains will be modest, given the slow growth in employment. Corporate profits, on the other hand, should rebound sharply as business improves. A 10.7 percent rise on a year-over-year basis is forecast. By the fourth quarter, however, profits are expected to be up 17.5 percent from the final quarter last year.

The California Outlook

The California economy is expected to improve slowly beginning in early 1983. A return to more substantial rates of growth is not forecast until 1984. Relative to the rest of the country, California is expected to pull out of the cur-

rent recession with slightly more strength. It should be emphasized, however, that neither the national or state recoveries will match the strength of historical rebounds.

Nonagricultural employment in California is forecast up 0.7 percent in 1983 and 3.3 percent in 1984. These rates can be contrasted to the four to seven percent growth levels in the years following the 1974–75 recession. Between 1982 and 1984 about 400,000 new jobs will be created. Employers are expected to add new workers slowly until they are certain that increases in consumer demand will be sustained.

The goods-producing sectors—mining, construction and manufacturing—are likely to show gradual improvement this year, before surging in 1984. A significant amount of unused capacity exists in the manufacturing sector, and output increases in the short-term can be expected to occur without substantial rehiring.

Prior to the current recession, the aerospace industry was a major source of new jobs. In the next two years, growth in this industry will be slower than in previous years. Sales of commercial aircraft will remain sluggish throughout the year, and spending on consumer products is likely to be restrained. The surge in federal defense spending will have a delayed impact on job creation.

Growth in most service-related sectors is expected to offset some of the weakness in the producing sectors. The notable exception is government employment. The total for federal, state and local jobs is forecast lower for 1983.

The number of unemployed persons will peak in the first part of the year, and drop gradually in succeeding months. Improving conditions will attract new job seekers at a time when businesses will still be hiring slowly. The unemployment rate for all of this year will average slightly above 10 percent. By the end of 1983, the jobless rate will still be high, at more than 9 percent. As the economic recovery gathers strength in 1984 unemployment will decline steadily and is expected to average about 8.5 percent of the labor force.

The outlook for housing is moderately better. New construction is expected to increase slowly despite declining interest rates, rising buyer income, and increased employment. The major constraints include high home prices, the large down payments required, and mortgage rates. In 1983, 125,000 new housing unit authorizations

are forecast. By 1984 an improvement to 150,-000 units is expected. These increases will be significantly below the number needed, and can be contrasted to the roughly 200,000 new units built annually between 1965 and 1980. Pent-up demand in California will result in a greater rebound this year than in the rest of the country.

The 8.7 percent growth in California personal income during 1983 will be substantially lower than in any year since 1971 (excluding the sharp slowdown in 1982). Wages and salaries, which comprise about 60 percent of total income, will rise 8 percent. A $6\frac{1}{2}$ to 7 percent rise in the average wage is expected to account for most of the wage and salary gain. Much of the growth in income will come from interest (+10.9%), other labor income (+10.8%), and nonfarm proprietors' income (+10.3%).

The outlook for inflation is good. The California Consumer Price Index (CPI) increased by 6.9 percent in 1982. Some erosion in home prices and reductions in mortgage interest rates—both of which have an inordinate impact on the California price indexes—are expected to limit the California CPI increase to only 4.3 percent in 1983.

The forecast of the CPI is based on the previous U.S. Bureau of Labor Statistics (BLS) methodology for measuring homeownership costs. Beginning in January 1983, the homeownership cost measure changed. Instead of being based upon a survey of current home prices, mortgage interest rates, and home maintenance supplies and services prices, the CPI is now being calculated on a rental equivalence basis. The rental equivalence method measures the price of rental housing that is equivalent to owner occupied housing. The effect of this change in methodology cannot yet be quantified. It is likely, however, that the change will cause the CPI to rise slightly faster during 1983 than was forecast using the old BLS method. (CPI data will be available on both the old and new bases through June of this year.)

Table 1 at the end of the next subject, Alternative Forecasts, gives the standard economic forecast underlying the revenue estimates in the Budget.

ALTERNATIVE FORECASTS

While there is a tight consensus on the outlook for 1983, there is also a strong probability

that actual events will turn out considerably different. The economy is in a period of transition in which historic patterns of response to given developments have changed. Forecasting has become more difficult as a result.

In order to assess the potential magnitude of a stronger or weaker situation, the Department of Finance prepared two alternative forecasts. These are not intended as outside limits to the possible range, but as reasonable scenarios which could come about given different policies.

The High Side

While most financial experts expect only small interest rate declines from here on, there are some who anticipate a concerted effort by the Fed to bring rates down another two to three points by the end of 1983. To the extent that financing charges are holding back spending (i.e., financing charges as opposed to price considerations) a greater interest rate decline would have an immediate stimulative impact.

The auto and housing sectors would be the first to benefit, with related industries also gaining support. Job expansion would start to reduce the ranks of the unemployed, and with this, consumer confidence would build. This would lead to a moderately better outlook for 1983, and a substantially stronger situation in 1984. Real GNP, for instance, would rise by 3.2 percent this year, followed by a 5.9 percent gain for 1984.

In effect, this alternative assumes the trough of the recession was reached during the fourth quarter of 1982.

The following summarizes key national data under this alternative.

	1983	1984
Real GNP	+3.2%	+5.9%
Personal income	+8.0%	+11.4%
Corporate profits	+21.1%	+18.5%
CPI	+5.8%	+6.6%
Wage & salary employment	+0.8%	+4.3%
Unemployment rate:	9.8%	8.1%
Housing starts: thous	1,380	1,762
Car sales: mill	9.1	11.3

California

The high forecast alternative for California assumes a quick recovery beginning in the last quarter of 1982, and very strong rates of growth throughout 1983 and 1984.

Total employment improves steadily from now through 1984. The growth in 1984 ap-

proaches past "employment boom" levels. Between 1982 and 1984, about 775,000 new jobs are created, versus 400,000 jobs in the standard outlook.

The peak in the unemployment rate would occur in the current quarter, with steady declines through the next year. By 1984:4 the unemployment rate would be approaching 7 percent. The labor force would be expected to grow strongly as new entrants and re-entrants move into the job market. Most would be able to find jobs.

Housing construction would be considerably better under this alternative, with 145,000 units authorized in the current year. In the next year the pace of new construction would be back to

historical average levels.

Total personal income would rise rapidly during 1983 and 1984. Between 1982:4 and 1984:4 almost \$80 billion in additional income is forecast, versus less than \$65 billion in the standard outlook. Most of the above average increase would come from wages and salaries. Underlying the wage and salary strength are better employment growth and average wage gains reflecting higher inflation and increased worker demands for wage adjustments due to the robust economy.

The following summarizes key data for the higher forecast.

	1983	1984
Nonagricultural employment	+2.2%	+5.6%
Unemployment rate	10.0%	8.0%
Total personal income (bill.)	\$341.8	\$382.4
Total personal income (change)	+9.8%	+11.9%
Housing units authorized (thous.)	145	190

The Downside

Interest rates are also the critical factor in the low side alternative. If Treasury borrowings and private credit demands place undue strains on financial markets, interest rates could surge, reaching the levels of last summer.

The tentative recovery which now seems probable would be stunted, with no real gain in activity until late in the second quarter. The moderate upturn after that time would be due to gradual easing in interest rates, and implementation of the final stage of the three year tax cut.

Most important, total output of the economy would not regain its prior peak until the third quarter of 1984. Real GNP would be down again in 1983 (-0.2%), and up by an anemic 2.5

percent in 1984. Joblessness would stay high, running at 9.4 percent even at the end of next year. The number of jobs in the nation would still be below the peak reached in the third quarter 1981, as layoffs turn into permanent work force reductions in the effort to reduce costs.

	1983	1984
Real GNP	-0.2%	+2.5%
Personal income	+6.0%	+6.6%
Corporate profits	-7.6%	+16.7%
CPI	+4.9%	+4.9%
Wage & salary employment	-1.3%	+1.3%
Unemployment rate:	10.5%	9.7%
Housing starts: thous	1,115	1,335
Car sales: mill.	8.0	9.1

California

The low forecast alternative for the State is based upon the premise that the current recession will continue through the second quarter of this year, with only slow improvement over the next year.

Nonagricultural wage and salary employment would decline further in 1983 from the already depressed 1982 level. Between 1982 and 1984, only about 80,000 new jobs would be created, versus five times that number in the standard outlook. Major employment declines would occur in every sector except services during 1983. Services would be flat.

The unemployment rate would rise through the second quarter of the year, peaking at between 11½ and 12 percent. Labor force growth would be unusually small as discouraged job seekers leave the labor force. The housing industry would continue in a prolonged depression with only weak improvement through 1984.

The impact of these trends on personal income would be dramatic. Between 1982:4 and 1984:4, less than \$50 billion in additional income would be generated, versus almost \$65 in the standard forecast over the same period. There would be no real income growth in the current year. Proprietors' income would be particularly hard hit—rising by less than one percent in current dollars.

The following summarizes key data for the low alternative.

	1983	1984
Nonagricultural employment	-0.9%	+1.7%
Unemployment rate	11.1%	9.4%
Total personal income (bill.)	\$331.5	\$356.1
Total personal income (change)	+6.7%	+7.4%
Housing units authorized (thous.)	90	125

TABLE 1
STANDARD BUDGET FORECAST, SELECTED ECONOMIC DATA, 1981–84
(Dollar amounts in billions)

			1983		1984	
77 % 1 gc .	1981	1982		Percent	4	Percent
United States	(Actual)	(Estimated)	Amount	Change	Amount	Change
Real gross national product (1972 \$)	\$1,502.6	\$1,475.9	\$1,508.0	2.2	\$1,574.0	4.4
Personal consumption expenditures	947.6	956.1	983.4	2.9	1,027.7	4.5
Durables	140.0	137.5	142.3	3.5	150.7	5.9
Nondurables	362.4	364.9	372.8	2.2	385.5	3.4
Services	445.2	453.8	468.3	3.2	491.5	4.9
Gross private domestic investment	225.8	200.5	208.3	3.9	232.4	11.6
Structures	51.6	52.7	50.4	-4.3	51.6	2.4
Producers' durables	120.4	111.9	108.4	-3.1	121.2	11.8
Residential	44.9	40.4	46.6	15.3	53.8	15.4
Inventory change	9.0	-4.5	2.9	-	5.9	-
Net exports	42.0	30.6	24.5	-	22.3	_
Government purchases of goods and services	287.1	288.7	291.8	1.1	291.6	-0.1
Federal	110.4	113.8	116.3	2.2	119.2	2.5
State and local	176.7	174.9	175.5	0.3	172.4	-1.8
GNP deflator (1972=100)	195.5	207.3	218.0	5.2	230.2	5.6
GNP (current \$)	\$2,937.7	\$3,060.1	\$3,288.4	7.5	\$3,623.9	10.2
Personal income	\$2,415.8	\$2,572.2	\$2,763.2	7.4	\$3,030.1	9.7
Corporate profits before taxes	\$232.1	\$176.9	\$195.8	10.7	\$229.0	17.0
Wage and salary employment (thous.)	91,105	89,686	89,863	0.2	92,569	3.0
Unemployment rate (%)	7.6	9.6	10.0	-	8.7	-
Housing starts (thous.)	1,084	1,041	1,340	28.7	1,625	21.3
New car sales (mill.)	8.5	7.8	8.6	10.9	10.2	18.2
Consumer price index (1967=100)	272.4	289.5	305.4	5.5	323.8	6.0
California						
Wage and salary employment (thous.)	10,038	9,901	9,974	0.7	10,300	3.3
Mining	49	49	50	1.6	52	4.6
Construction	432	372	374	0.5	427	14.2
Manufacturing	2,028	1,955	1,977	1.1	2,066	4.5
Transportation-utilities	554	550	556	1.0	571	2.8
Trade	2,317	2,294	2,292	0.4	2,348	2.5
Finance-insurance-real estate	646	650	656	0.9	684	4.3
Services	2,249	2,295	2,338	1.8	2,418	3.4
Government	1,763	1,745	1,732	-0.7	1,733	0.1
			·			
Civilian labor force (thous.)	11,780	12,144	12,377	1.9	12,653	2.2
Civilian employment	10,908	10,940	11,110	1.5	11,579	4.2
Unemployment	872	1,204	1,267	5.2	1,074	— 15.2
Unemployment rate (%)	7.4	9.9	10.2	-	8.5	-
Personal income	\$288.5	\$311.0	\$337.6	8.5	\$370.3	9.7
Wages and salaries	180.0	191.7	206.1	7.5	226.4	9.8
Other labor income	16.1	17.3	19.2	10.8	21.8	13.8
Proprietors' income	13.9	13.8	15.1	8.7	16.7	11.0
Property income	53.1	59.3	65.2	10.0	72.9	11.7
Transfer payments	38.3	42.5	46.8	10.1	49.3	5.3
Less: Contributions for social insurance	12.9	13.8	14.9	8.0	16.9	13.0
Housing units authorized (thous.)	105	79	125	58.8	150	20.0
Corporate profits before taxes	\$24.4	\$23.5	\$25.4	8.1	\$29.2	15.0
New auto registrations (thous.)	920	840	930	10.7	1,090	17.2
Total taxable sales	\$155.1	\$154.4	\$168.1	8.9	\$191.0	13.6

Note: Percentage changes calculated from unrounded data.

REVENUE ESTIMATES

Revenue growth during 1983–84 reflects the anticipated improvement in economic activity. Total revenue from major taxes and licenses during 1983–84 is forecast at \$24,173,420,000, approximately \$2,302 million above the current year and only \$2,617 million above actual 1981–82 receipts.

General Fund revenue from major taxes and licenses is expected to total \$21,093,100,000 during the budget year, \$1,954 million (10.2 percent) higher than current year receipts and up \$1,985 million (10.4 percent) from 1981–82. Increases in sales and personal income tax revenues account for most of the changes.

Special fund revenue from major taxes and licenses is expected to total \$3,080,320,000 in 1983-84, or 12.7 percent above the current year and 25.9 percent ahead of 1981-82 actual receipts.

Revenue for the General Fund and special funds for the past, current and budget years, including proposed legislation, is shown below. Other revenues and transfers, which are not included Table 2, can be found in Schedule 2 on pages B-2 and B-3.

1981-1982 TAX LEGISLATION

Chapter 2, First Extraordinary Session, required employers who withhold more than \$350 in a month to remit amounts withheld in the first half of each third month in the quarter by the 22nd of that month. This generated General Fund revenue of \$180 million and disability insurance receipts of \$27 million in 1981–82.

Chapter 5, First Extraordinary Session, accelerated sales tax collections from retailers with monthly sales of \$200,000 or more. This increased sales taxes by \$100,000,000 in 1981–82. Chapter 5 also increased the interest charged on delinquent taxes to 18 percent for 1982. Beginning with 1983, the interest rate was conformed to the then existing federal law. The increased interest rate did not apply to delinquent inheritance and gift taxes, which continue at the 12 percent annual rate. The higher interest charges (to conform with the federal law) were expected to increase other revenues by \$70 million in 1982 –83.

TABLE 2
STATE REVENUE COLLECTIONS
FROM MAJOR TAXES AND LICENSES 1
(in millions)

	Actual	Estimated	Estimated
Revenue Source	1981–82	1982–83	1983–84
General Fund			
Sales and use	\$7,548.7	\$7,577.7	\$8,453.1
Personal income	7,493.0	7,275.0	8,710.0
Bank and corporation	2,648.7	2,640.0	2,810.0
Inheritance/estate and gift	495.3	508.0	229.0
Insurance	484.2	703.0	450.0
Cigarette	194.3	190.5	188.0
Alcoholic beverages	139.5	138.0	141.0
Horseracing	105.7	107.0	112.0
Total, General Fund	\$19,109.4	\$19,139.2	\$21,093.1
Special Funds			
Motor Vehicle			
Fuels	\$833.3	\$900.2	\$1,135.8
License fees	736.4	769.0	842.0
Registration fees	636.2	812.1	841.0
Sales	140.3	152.3	162.9
Cigarette	82.5	80.5	79.5
Horseracing	17.9	18.0	19.0
Total, Special funds	\$2,446.6	\$2,732.2	\$3,080.3
Total collections	\$21,556.1	\$21,871.4	\$24,173.4

Dollar amounts may not add due to rounding. Totals have been compiled from whole dollars.

Chapter 327, Statutes of 1982, provided for the following:

- 1. Conformed estimated payments of the bank and corporate tax to federal law: \$40 million in 1982–83 and \$25 million in 1983–84.
- 2. Further accelerated sales taxes: \$115 million in 1982–83 and \$16 million in 1983–84.
- 3. Required additional prepayments of insurance taxes and reduced the insurance tax rate from 2.35 percent of gross premiums to 2.33 percent of gross premiums written in 1982 through 1985: \$230 million in 1982 -83 and \$110 million reduction in 1983-84. The reduction in 1983-84 occurs because five prepayments will be made in 1983 and will result in refunds of the extra prepayment in April 1984.

In addition to the above revenue enhancement programs, legislation conforming state tax laws to federal law will reduce state revenue by \$800,000 in 1982–83 and \$1.7 million in 1983–84.

Sales taxes exemptions were enacted for various programs:

- 1. Medical devices: -\$7,100,000 in 1982-83 and -\$10,100,000 in 1983-84.
- 2. Custom computer software: -\$11,900,000 in 1982-83 and -\$4,800,000 in 1983-84.
- 3. Certain costs dealing with master tapes or master records: -\$12,400,000 in 1982-83 and -\$5,500,000 in 1983-84.

General Fund Revenue

Over 85 percent of all state revenue is deposited in the General Fund. This includes collections from such levies as those on sales of tangible personal property, personal income, corporate profits and insurance premiums. For the most part, these taxes are related directly to business conditions. Hence, the estimates of revenue from each source are derived from the economic assumptions previously outlined. The influence of economic factors upon the various tax bases, and the methods used in preparing the revenue estimates, are summarized in the following material.

Sales and Use Tax-\$8,616,000,000

The sales tax is an excise tax imposed upon retailers for the privilege of selling tangible personal property in California. Although retailers are responsible for the tax payments, the law states that they shall collect the tax from the consumer if possible. The tax rate is 6 percent in all but three transit districts in the State where an additional ½ percent is levied for the support of mass transit systems. Of the basic 6 percent rate, 4¾ percent represents the state tax rate, 1 percent is for cities and counties and ¼ percent is for transit systems.

The sales and use tax contributes one-third of all state revenues.

Most retail sales and leases of tangible personal property are subject to the sales and use tax. However, several major exemptions were incorporated to reduce the regressivity of the tax. These include food for home consumption; prescription drugs; and gas, electricity, and water. Other exemptions, such as those for vessels and aircraft, provide relief for specific businesses.

A portion of the sales tax from gasoline is transferred from the Retail Sales Tax Fund to the Transportation Planning and Development (TP&D) Account in the State Transportation Fund. The amount of the transfer is based upon the level of gasoline sales relative to other taxable sales. However, the transfer cannot exceed a limit which is determined by a 1979-80 baseyear amount of \$110 million, increased each year by the lesser of the change in inflation or per capita income, and the change in population. If the amount transferred based on this limit is less than the level of gasoline sales relative to other taxable sales, the General Fund keeps the excess. In 1981, SB 215 was enacted to gradually reduce the amount of revenue that the General Fund is allowed to keep based on this "spillover" formula.

A transfer of \$152,344,000 is estimated for 1982-83. In the budget year, the transfer should total \$162,900,000. (No spillover beyond what the General Fund is allowed to keep is estimated for either year.)

The sales and use tax forecast is prepared by relating taxable sales by type of retail outlet to various economic factors such as disposable personal income, housing starts, employment and savings.

TABLE 3
TAXABLE SALES IN CALIFORNIA
(in millions)

		1982		1983		1984	
	1981		Percent		Percent		Percent
	Actual	Estimated	Change	Estimated	Change	Estimated	Change
Motor vehicle dealers, auto repairs and parts,							
etc	\$22,333	\$22,530	0.9	\$25,705	14.1	\$31,275	21.7
Producers and refiners of petroleum, service							
stations, etc.	19,124	16,725	— 12.5	17,240	3.1	17,760	3.0
Building materials including contractors	13,999	12,270	-12.4	13,380	9.0	16,630	24.3
Manufacturing and services	28,320	28,885	2.0	31,255	8.2	35,265	12.8
All other retail stores	71,355	73,990	3.7	80,520	8.8	90,070	11.9
Totals	\$155,131	\$154,400	-0.5	\$168,100	8.9	\$191,000	13.6

Taxable sales relative to disposable income have been falling since 1979 when purchases amounted to about 68 percent of income. In 1982 that relationship had fallen to under 59 percent. Weak economic conditions coupled with the new savings incentives led consumers to cut their consumption dramatically. Last year was the first year since 1958 that taxable sales actually fell *below* year-earlier levels in actual dollars. Adjusted for inflation, 1982 dropped 6 percent below 1981 sales.

High interest rates continued to have a negative impact on motor vehicle, building material, and furniture sales. However, the easing of rates toward the end of the year did lead to some improvement in auto sales. With both gallonage and prices down, fuel represented another strong negative component of total taxable sales.

The general economic upswing in 1983 and 1984 should boost sales substantially. Taxable sales are forecast at \$168.1 billion, an increase of 8.9 percent or 3.5 percent in real terms. Comparatively moderate growth is expected for most areas of consumption, with auto sales showing the fastest rebound.

With the recovery well underway by 1984, taxable sales are expected to surge in those areas hardest hit by the recession—auto, building, and furniture sales—due to the backlogged demand that built up over the prior few years. In total, sales are forecast up 13.6 percent (7.8 percent in real terms).

Two changes to the sales tax are proposed to ease the state's cash flow problems. For sales that occur in the second quarter, retailers with monthly sales over \$17,000 are currently required to prepay two and one-half months of their quarterly liability. For other quarters, prepayments are only required for the first two months. The first proposal would extend the sec-

ond quarter payment pattern to all quarters. Prepayments would be required for the first two months plus the first 15 days of the third month. The second proposal would change the due dates of the first prepayment and final returns to the 15th day of the month.

Sales and use tax revenues, including revenue attributable to audit activities of the Board of Equalization, are:

(In thousands)
1981–82 (actual)\$7,689,023
1982–83 (estimated)\$7,730,000
1983–84 (estimated)\$8,616,000

Personal Income Tax—\$8,710,000,000

The personal income tax is imposed on net California taxable income (gross income less exclusions and deductions) with tax rates ranging from 1 to 11 percent. Personal, dependent, and other credits are allowed against the gross tax liability. In addition, a tax on preference income is levied at one-half the regular rates. Preference income includes such items as a portion of accelerated depreciation, and the excluded amount of capital gains income.

The personal income tax was enacted in 1935. Rates at that time ranged from 1 percent on taxable income under \$5,000 to 15 percent on taxable income in excess of \$250,000.

The current law is the result of extensive modifications made throughout the years. In 1971 withholding and quarterly estimated tax payments were adopted. Other changes in that year included revised capital gains treatment, a tax on preference income, and an increase in the then maximum tax rate of 10 percent to 11 percent.

As personal income tax rates are progressive, inflation pushed many taxpayers into higher tax rate brackets. To offset these tax increases, the Legislature, in 1978, provided for the adjust-

ment of tax rate brackets by the annual percent change in the California Consumer Price Index, less 3 percent. The personal and dependent tax credits and the standard deduction were adjusted by the full annual percent change in the California Consumer Price Index beginning in 1979. These adjustments for inflation are known as indexing. Legislation enacted in 1979 provided that, for the 1980 and 1981 taxable years, tax rate brackets would be indexed by the full annual percent change in the California Consumer Price Index.

Since its adoption indexing has provided substantial reductions in revenue. The following table shows the estimated reduction and percent of total income tax revenue attributable to indexing:

Amount and Percent of Revenue Reduction Resulting From Indexing

	Amount of	Percent
	Income Tax	of Total
	Reduction in	Revenue Before
Fiscal Year	Millions	Indexing
1978–79	. \$270	5%
1979–80	. 530	8%
1980-81		20%
1981–82	. 2,180	23%
1982–83	. 3,100 *	33%
1983–84	. 3,460 *	29%
Total	\$11,210	

^{*} Includes effect of Proposition 7.

As can be seen from the above table, the tax relief provided from indexing through the budget year will amount to more than \$11 billion.

The public approved Proposition 7 (June 1982) which provided for full indexing of the tax rate brackets. State law had provided for a return to the 3 percent discount in 1982. The passage of Proposition 7 is estimated to reduce revenue by \$230 million for 1982–83 and \$500 million for 1983–84. Significant legislation in 1982 included AB 6X which accelerated withholding revenue reported by employers, and AB 8X which increased interest charges on delinquent payments.

The personal income tax revenue forecast for 1983-84 has been increased by \$110 million to reflect the proposed repeal of the solar energy credit and energy conservation credit effective with the 1983 tax year. Carry-forward credit from prior tax years would remain eligible.

Total personal income tax revenue is estimated as follows:

(In thousands)					
1981-82	(actual)	\$7,493,005			
	(estimated)				
	(estimated).				

Bank and Corporation Tax-\$2,810,000,000

The bank and corporation franchise tax is levied on corporations for the privilege of doing business in California. The tax is measured by net income and is imposed at a 9.6 percent rate. The corporation income tax was enacted to complement the franchise tax. It is levied, at the same rate as the franchise tax, on the net income of corporations not doing business in California but which derive income from California sources (primarily non California companies engaged wholly in interstate commerce and holding companies).

Banks and other financial corporations are required to pay an additional tax on their net income. For 1980 and 1981 this additional tax was 2 percent of net income. For 1982, and years thereafter, this rate will be determined annually as the ratio of personal property taxes plus business license fees divided by net income plus personal property taxes plus business license fees for all corporations except banks, other financials and public utilities. The tax on banks and other financials is in lieu of all state and local taxes except those on real property and motor vehicles.

In 1982, there were two major legislative changes that will affect bank and corporation tax revenue during the current and budget years.

Chapter 5 (AB 8X) revised the interest rate charged on deficient and delinquent payments. This bill is expected to increase revenue collections by \$45 million in the current year and \$35 million in the budget year.

Chapter 327 (SB 1326) accelerated tax collections by requiring prepayments to equal a specified percentage of the current year liability. This change is expected to increase revenues by \$40 million in the current year and \$25 million in the budget year.

Revenue collections in the current and budget years depend upon corporate profits attributable to California during 1981, 1982, and 1983. The 1982 estimate was based upon responses to a questionnaire sent to a sample of firms doing business in California. The 751 companies answering the survey account for approximately 37

percent of the corporate tax base.

According to the survey, California corporate profits in 1982 are expected to total \$23.5 billion, or 3.6 percent below 1981.

TABLE 4
TAXABLE CORPORATE PROFITS IN CALIFORNIA *
(In millions)

		1981		1982	
	1980		Percent		Percent
Industry	Actual	Preliminary	Change	Preliminary	Change
Agriculture	\$382	\$364	-4.7	\$350	-3.9
Mining and Oil Production	3,237	2,972	-8.2	2,659	-10.5
Construction	1,137	1,008	-11.3	821	-18.6
Manufacturing	8,238	7,969	-3.3	7,362	-7.6
Trade	4,947	4,766	-3.7	4,049	-15.0
Service	2,409	2,433	1.0	2,380	-2.2
Financials subject to bank tax	1,384	1,246	-10.0	1,155	—7.3
Real estate and other financials	2,029	1,721	-15.2	1,550	-9.9
Utilities	2,006	1,781	-11.2	3,174	78.2
Totals	\$25,769	\$24,380	<u>-5</u> .4	\$23,500	−3 .6

^{*} These figures represent income of corporations with accounting periods ending in August of the year shown through July of the following year. This method of reporting approximates the federal system of reporting corporate profits in the year earned.

Utilities expect to register an increase, while declines are expected in all other industries. For all industries, except utilities, profits are expected to decline by over 10 percent in 1982. Declines range from 2.2 percent for the service industry to 18.6 percent for construction.

For 1983, corporate profits are expected to increase 8.1 percent to \$25.4 billion. Actual and estimated corporate profits from 1980 to 1982 are shown in Table 4.

The 1983-84 revenue estimate includes \$10 million attributable to the repeal of the solar and energy conservation credits.

After adjusting for legislation and adding payments attributable to audit activities of the Franchise Tax Board, total revenue is estimated as follows:

(In thousands)					
1981-82	(actual)	.\$2,648,735			
	(estimated)				
1983-84	(estimated)	.\$2,810,000			

Insurance Tax—\$450,000,000

Until 1986, most insurance written is subject to a 2.33 percent gross premiums tax. In 1986 and subsequent years the tax rate will become 2.35 percent. The premiums tax is in lieu of all other state and local taxes except those on real property and motor vehicles. Exceptions to the

2.33 percent tax rate are certain pension and profit sharing plans which are taxed at 0.50 percent, surplus lines at 3 percent, and ocean marine insurers at 5 percent of underwriting profits.

A survey conducted by the Department of Finance was used to project insurance premium growth. Responses were obtained from 125 insurance companies, accounting for 55 percent of the insurance written in California. The results indicate that taxable premiums will increase by only 3.9 percent in 1982 and 9.1 percent in 1983.

The insurance tax forecast is affected by Chapter 327, Statutes of 1982 which not only reduces the gross premiums tax rate from 2.35 to 2.33 percent from 1982 through 1985, but accelerates prepayment collections starting in 1983. This measure will increase revenue by an estimated \$230 million in the current year and reduce collections by \$110 million in the budget year. A recent court ruling in favor of the insurance industry relating to the principal office deduction allowance repealed in 1976 will reduce revenue by about \$31 million in 1982–83.

The estimated revenue for the current and budget years and actual receipts in 1981–82 are:

(In thousands)					
1981-82	(actual)	\$484,196			
	(estimated)				
	(estimated)				

Inheritance/Estate and Gift Taxes—\$229,000,000

Proposition 6, an initiative statute adopted by the California voters in the June 8, 1982 election, repealed the inheritance and gift taxes and imposed a "pick-up tax", or the federal credit for state death taxes. This "pick-up tax" is not really a tax at all, but a provision of the federal law which allows the State to receive a portion of the revenue stemming from the federal estate tax.

These provisions of Proposition 6 became effective for estates of decedents dying and gifts made on and after June 9, 1982. As a result, the tax revenue base is affected by the date of death of the decedent or the date a gift is made. Estates of decedents dying and gifts made prior to June 9, 1982 are subject to the former inheritance and gift taxes, whereas transfers attributable to deaths on or after June 9, 1982 would only be subject to the "pick-up tax".

The "pick-up tax" is computed on the basis of the federal "taxable estate". This "taxable estate" is the gross estate value, including the value of all property beneficially owned by the decedent at death, less exempt transfers and certain expenses. Tax rates range from 0.8 percent

to 16.0 percent.

Exemptions from the federal estate tax include all spousal transfers, as well as a single unified credit against estate and gift taxes. This credit will be gradually increased over a period of six years as specified in the U.S. Economic Recovery Tax Act of 1981. The credits and equivalent exemptions are shown below:

	Credit	Exemption
1982	\$62,800	\$225,000
1983	79,300	275,000
1984	96,300	325,000
1985	121,800	400,000
1986	155,800	500,000
After 1986	192,800	600,000

A "pick-up tax" is imposed only if there is a federal estate tax liability. In a case where a decedent leaves property situated in more than one state, the federal credit for state death taxes shall be divided among those states in proportion to the gross estate value in each state.

The inheritance/estate and gift revenue forecast is comprised of three types of collections: "pick-up tax" collections, inheritance tax collections, and gift tax collections. Proposition 6 is expected to reduce revenue collections by \$145 million in the current year and \$450 million in the budget year.

Estimates of these three components as well as actual revenue tax collections are:

		1	
	1981-82 (Actual)	1983–84 (Estimated)	
	,	(Estimated)	•
Inheritance Tax	\$480,500	\$465,000	\$110,000
Gift Tax	14,751	8,000	4,000
Estate Tax		35,000	115,000
Total	\$495,251	\$508,000	\$229,000

Cigarette Tax—\$267,500,000

A tax of 10 cents per package of cigarettes is imposed on distributors selling cigarettes in this state. Thirty percent of the total revenue is allocated to local governments with the remaining 70 percent going to the General Fund. Cigars and other tobacco products are not subject to a tobacco tax.

Projections of total and per capita cigarette packs distributed in the current and budget years provide the basis for the cigarette tax estimate. Per capita consumption in the 1982–83 year is expected to decrease 4.1 percent from 1981–82. A further drop of 3.2 percent is anticipated between 1982–83 and 1983–84. The increase in the federal cigarette tax from 8 cents to 16 cents per pack effective January 1, 1983 is expected to be an important contributor to the sharp declines. In 1981–82 per capita consumption fell by 2.3 percent in the absence of any tax increase.

Taxable distributions of cigarettes in 1981–82 totalled 2.81 billion packs; 2.74 billion packs are projected for 1982–83 and 2.70 billion packs for 1983–84. Estimated revenues for the cigarette tax are:

		(In thousands)	
	1981-82	1982-83	1983-84
	(Actual)	(Estimated)	(Estimated)
General Fund	\$194,306	\$190,500	\$188,000
Cigarette Tax Fund	82,518	80,500	79,500
Total	\$276,824	\$271,000	\$267,500

Alcoholic Beverage Taxes—\$141,000,000

The tax on alcoholic beverages is levied on the sale of distilled spirits, beer, and wine in this state. The tax rates, which vary with the type of alcoholic beverage, are as follows:

Beer	\$0.04	per	gallon
Sparkling wine	\$0.30	per	gallon

Dry wine	\$0.01 per gallon
Sweet wine	\$0.02 per gallon
Distilled spirits	\$2.00 per gallon

Alcoholic beverage tax estimates are based on projections of total and per capita consumption in the current and budget years for each type of beverage. Over the last five years total consumption of beer, dry wine, sparkling wine, and distilled spirits have generally increased whereas sweet wine has declined steadily. Estimated per capita consumption of each beverage is shown below:

Apparent Per Capita Consumption (in gallons)

		1982-83 Estimated	
Beer	25.02	24.55	24.92
Dry wine	3.80	3.85	3.94
Sweet wine	.34	.33	.32
Sparkling wine	.34	.34	.35
Distilled spirits	2.30	2.21	2.22

Estimated revenues for the current and budget years, compared with the actual revenue for 1981–82 are:

		(In thousands)	
	1981-82	1982-83	1983-84
	Actual	Estimated	Estimated
Beer and wine	\$28,372	\$28,000	\$29,000
Distilled spirits	111,151	110,000	112,000
Total	\$139,523	\$138,000	\$141,000

Horse Racing Fees—\$131,050,000

Most horse racing revenue comes from a license fee imposed on the total parimutuel handle (the amount bet) and breakage (the odd cents not paid to winning ticket holders). Other sources of horse racing revenue are unclaimed parimutuel tickets, occupational license fees, fines and penalties.

Beginning January, 1981, a new license fee schedule and a different distribution of the proceeds were authorized. Rather than one basic license fee schedule, there are now numerous schedules differentiated by the type of horse racing, the size of the handle, and the location of the track. These changes were instituted to provide incentives for the expansion of the racing industry. The new tax schedules allow more of the collected money to be kept by the racetrack and purses to be larger for the horseman. As a further incentive, additional race days have been statutorily authorized. As a result of these changes, horse racing revenues were reduced to a smaller share of total General Fund revenue.

Revenue from horse racing is anticipated to be \$125,050,000 in 1982-83 and \$131,050,000 in 1983-84. Total parimutuel pools, receipts from horse racing, and the final distribution of such revenue among the various funds are as follows:

Sources and Distribution of Horse Racing Revenue (in thousands)

	1981–82	1982-83	1983-84
	Actual	Estimated	Estimated
Total parimutuel pools	\$2,064,900	\$2,051,300	\$2,166,500
Receipts:			
Parimutuel license fees	113,153	114,780	120,165
Breakage	7,384	7,500	7,900
1% additional take-out			
for fairs	1,434	1,450	1,550
Unclaimed parimutuel			
tickets	251	250	260
Occupational license			
fees, fines, penalties			
and miscellaneous	1,403	1,070	1,175
Total	123,626	125,050	131,050
Distribution:		, i	
General Fund	105,725	107,000	112,000
Fair and Exposition			
Fund	17,150	17,300	18,300
Wildlife Restoration			
Fund	750	750	750

Alternative Forecasts

Revenue estimates are subject to fluctuation due to changes in the economy or to estimating variations. If the recovery now anticipated does not occur, General Fund revenues in 1983–84 could be \$1.1 billion below the estimate. On the other hand, a rapid recovery—accompanied by higher auto sales, housing and employment—could lead to revenues \$900 million above the forecast.

The following table compares the 1982–83 and 1983–84 General Fund Budget estimate of major taxes and licenses with high and low alternative estimates:

		(In millions))
	High	Budget	Low
	Alternative	Estimate	Alternative
1982-83	\$19,531	\$19,139	\$18,651
1983-84	21,995	21,093	19,965

Special Fund Revenue

Codes and statutes, and provisions of the California Constitution, restrict the use of certain revenue for specified purposes. Such receipts are separately accounted for in various special funds. In general, special fund revenues comprise three categories of income: (1) receipts from tax levies which are allocated to specified

functions; (2) charges for special services to specific functions; and (3) rentals, royalties and other receipts earmarked for particular purposes. Motor vehicles taxes and fees illustrate the first of these classes. License fees for the regulation of business and professions are typical of the second. Oil and gas royalties are examples of the third. Interest received from the investment of special fund money is deposited in the fund for which the investments are held.

Motor vehicle taxes and fees account for 73 percent of all special fund revenue. Principal sources of this income are motor vehicle fuel taxes, registration and weight fees and vehicle license fees. During the 1983–84 fiscal year, \$2.8 billion will be derived from the ownership or operation of motor vehicles. Approximately \$1 billion of this revenue will be returned to local governments. The remainder will be available for various state programs related to transportation and services to vehicle owners.

Thirty percent of cigarette tax revenue is deposited in a special fund for distribution to cities and counties. In 1983–84 receipts for this fund are estimated at \$79.5 million.

Charges for special services to industry, business and the professions, together with hunting, fishing and liquor licenses, other regulatory fees and miscellaneous receipts will amount to \$584 million in 1983–84. Oil and gas revenues are estimated at \$159 million. Interest from investments held for the various special funds is forecast at \$73 million.

Motor Vehicle Fees—\$1,683,020,000

Motor vehicle fees consist of vehicle license fees, registration fees, weight fees, drivers' license fees, and various other charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. It is calculated on the vehicle's "market value"—the manufacturer's suggested base price, excluding options, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a nine-year depreciation period; an 18-year depreciation period is used for trailer coaches. A rate of 2 percent is applied to the depreciated value to determine the fee. Revenue from this source is thus contingent on the number of vehicles in the State, the age dis-

tribution of those vehicles, and their original base price. The revenues collected, less certain deductions, are distributed to local governments.

New vehicle sales (autos, trucks, trailers and motorcycles) in California totaled 1,269,848 in 1981 and are estimated to be 1,175,000 units in 1982. In 1983 and 1984, sales are expected to reach 1,320,000 and 1,535,000 units, respectively.

Allowing for scrappage and vehicles entering and leaving the State, total fee-paid registrations at year-end are estimated at 18,491,000 for 1982, 18,701,000 for 1983 and 19,141,000 for 1984.

Registration fees are levied at a flat rate on all motor vehicles, trailers, semi-trailers and certain types of dollies. In addition to the registration fee, trucks and trailers pay fees based on their unladen weight.

Chapter 541 of 1981 (SB 215), effective January 1982, doubled registration fees from \$11 to \$22, increased weight fees by 50 percent, more than tripled all drivers' license fees and increased other miscellaneous charges related to vehicle operation. Chapter 933 Statutes of 1981 (AB 202) increased registration fees an additional \$1 per vehicle. The combined effect of these changes increased revenue collections by about \$205 million in 1981–82 and is expected to increase revenue collections by about \$390 million in 1982–83 and \$400 million in the budget year. SB 215 also provided that all weight fee revenue be transferred to the State Highway Account beginning 1982–83.

Total revenues from motor vehicle fees, including the effects of legislative changes, are:

		(In thousands)	
	1981-82	1982-83	1983-84
	Actual	Estimated	Estimated
Registration, weight			
and other fees	\$636,171	\$812,073	\$841,020
Vehicle license fees	736,385	769,000	842,000
Total	\$1,372,556	\$1,581,073	\$1,683,020

Motor Vehicle Fuel Taxes—\$1,135,850,000

The motor vehicle fuel license tax and the use fuel (diesel) tax provide the major sources of funds for maintaining, replacing, and constructing state highway and transportation facilities.

The motor vehicle fuel license tax (gas tax) is imposed on the distribution of gasoline and other flammable liquids which are used in propelling motor vehicles, aircraft, and vessels. Distributions of diesel fuel, liquid petroleum gas (LPG), and kerosene are not included under this tax. The current tax rate for motor vehicle fuel is 9 cents per gallon, except for aircraft jet fuel which is taxed at 2 cents per gallon.

Revenues are apportioned to the fund which reflects the fuel's use. For example, revenues collected from the distribution of motor fuel used in aircraft are apportioned to the Aeronautics Account.

Gasoline tax revenues are estimated on the basis of average gasoline consumption per vehicle and total vehicle registrations. Consumption per vehicle in 1981–82 amounted to 595 gallons and is projected at 585 gallons for 1982–83 and 570 gallons for 1983–84.

The use fuel tax is imposed on the distribution of diesel fuel, LPG, and natural gas for use on state highways. The current tax rates are 9 cents per gallon of motor vehicle fuel or per 100 cubic feet of compressed natural gas, and 6 cents per gallon of LPG or liquid natural gas. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Highway consumption of diesel fuel is estimated by projecting the trend of past distributions with adjustments to reflect changes in the economy. Consumption of diesel fuel is expected to increase 1.5 percent in 1982–83 and to rise by 5.3 percent in 1983–84.

Chapter 541 of 1981 (SB 215), which increased the motor vehicle and diesel fuel tax rates from 7 cents to 9 cents per gallon in January 1983, will increase revenue by an estimated \$79 million in the current year and \$233 million in the budget year.

The 1983–84 fuel tax revenue estimates reflect the proposal to change the due date of these rates to the fifteenth day of the month following distribution. This proposal is expected to result in a one-time revenue increase of \$85 million in the budget year.

Estimated revenue for the current and budget years, and actual revenue tax collections in 1981 –82 are:

		(In thousands)
	1981-82	1982-83	1983-84
	Actual	Estimated	Estimated
Gasoline	\$752,059	\$809,850	\$1,016,850
Use Fuel	81,288	90,400	119,000
Totals	\$83,347	\$900,250	\$1,135,850

SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS Excluding Departmental, Interest and Miscellaneous Revenue TABLE 5

	of ne	Total		4.5	4.36	4.50	4.70	4.93	4.82	50.4	5.05	5.07	5.07	5.09	5.47	0.45 5.55	5.18		0	5.83	0.0	6.41	6.20	0.90	78.9	7.47	7.59	7.98	× × ×	8.33	7.74	7.4	7.16	
	es per \$100 sonal Incor	Special Funds	91	142	1.37	1.64	1.69	1.73	/9.1	1.61	1.54	1.52	1.47	 54:	1.55	<u> </u>	1.5			9,5	1.50	1.52	1.45	4 .	-	1.19	1.16	1.1	<u>)</u>	0.96	0.85	0.85	0.91	
ı	Per Per	General Special Fund Funds Tota	0	3.28	2.99	2.86	3.01	3.20	3.14	3.01	3.51	3.55	3.60	3.65	3.92	3.81	3.68		;	4.17	2.5	4.89	4.75	5.45	5.56	6.28	6.43	6.87	7.3/	7.37	68.9	6.62	6.25	
		tal	,	\$80.67 90.65	92.72	69.86	101.86	112.67	115.10	113.58	133.33	135.96	138.75	145.14	161.54	169.53	179.74			201.98	247.73	271.91	TT.27	322.42	374 74	448.35	492.73	565.66	656.21	810.51	833.89	882.87	880.12 956.19	
	s per Capit	eral Special rd Funds To		327.15	29.19	35.95	36.66	39.48	39.97	39.59	40.67	40.70	40.12	41.25	45.78	51.08	52.10		;	57.43	61.73	64.51	6. 80	67.72	71.25	71.62	75.50	78.76	82.97	93.45	91.39	100.21	109.94 121.84	
	Taxe	General Fund		\$59.53 62.30	63.53	62.74	65.20	73.19	75.13	73.99	95.66	95.26	98.63	103.89	115.76	118.45	127.47		;	144.55	202 20	207.40	212.47	254.70	203 50	376.73	417.23	486.90	573.23	717.05	742.50	782.66	7/0.17 834.35	
Si	Total	(Thou-sands)		\$943,534 1.031.944	1,100,528	1.214,788	1,299,713	1,497,593	1,597,486	1,642,299	2,76,788	2,194,162	2,314,567	2,502,223	2,871,900	3,093,115	3,3/0,382			3,838,275	4,0/3,921	5,408,865	5,598,613	6,598,555	7 877 064	9.574.497	10,710,077	12,524,880	14,826,327	19,201,42/	19,999,941	21,556,085	24,173,420	
e Tax Collections	Special Funds	(Thou-sands)		\$295,542 322,690	346.480	442,538	467,814	524,765	554,713	572,490	633 492	656,815	669,267	711,185	813,937	931,958	971,625			1,091,387	1,118,311	1.283.258	1,308,350	1,385,863	1,470,905	1.529.459	1,641,174	1,744,013	1,874,714	2,013,679	2,191,849	2,446,637	2,732,173 3,080,320	
State	General Fund	(Thou-sands)		\$647,992	754.048	772,250	831,899	972,828	1,042,773	1,069,809	1,170,890	1,537,347	1,645,300	1,791,038	2,057,962	2,161,157	2,398,958			2,746,888	3,557,610	4,125,607	4,290,263	5,212,693	5,738,200	8.045.039	9,068,903	10,780,867	12,951,613	14,187,349	17.808,092	19,109,448	19,139,200	
S. Simple		Fiscal Year		1950–51	1952-53	1953-54	1954-55	1955-56	1956-57	1957–58	1958-59	1960-61	1961–62	1962–63	1963-64	1964-65	1965-66	2007		1966-67	1967-68	1969-70	1970-71	1971–72	1972-73	1974-75	1975-76	1976-77	1977–78	19/8-/9	1980-81	1981-82	1982-83+	
ì	Income	Per Capita	•	\$1,858	2,043	2,231	2,212	2,336	2,443	2,504	2,244	2,730	2,783	2,898	2,993	3,149	3,288	() tie		3,499	3,689	4.275	4,506	4,701	2,062	6.052	6,549	7,155	7,863	8,7/3	10.877	11,923	12,623	
	Personal	Income ² (Millions)		\$19,774	25,730	27,002	27.682	30,378	33,177	35,497	400,72	43.303	45.676	49,122	52,468	56,772	65,704	700,00		65,882	70,735	84 402	90,295	95,653	104,191	128 142	141,046	156,940	175,738	200,358	258,553	288,481	310,979	
	Population 1	(Thou-sands)		10,643	11,130	12,03	12,517	13,004	13,581	14,177	14,/41	15.863	16.412	16,951	17,530	18,026	18,464	100,01		18,831	19,175	19,432	20,039	20,346	20,585	20,868	21,537	21,935	22,350	22,839	23,771	24,196	24,636	1000
			SASH BASIS	950	951	1953	954	1955	1956	1957	958	096	961	962	963	964	965		ACCRUAL BASIS	996		908	970	971	972	19/31974	375	1976	<u>77</u> 6	1978	980	981	982 +	
			O	<u> </u>	- ÷	- -	-	. #	-	<u>-</u> :	<u>-</u>	- -	. =	. =:	=	žì.		i	4	=	=:	- ; ≃	- =	=1	-:	- =	. =	1	≟ ;	_;	- =	. = :		•

¹ Population estimated by the State Department of Finance.

Responsible to Commerce. Data for 1982 and 1983 are estimates by the Bureau of Economic Analysis, United States Department of Commerce. Data for 1982 and 1983 are estimates by the State Department of Finance.

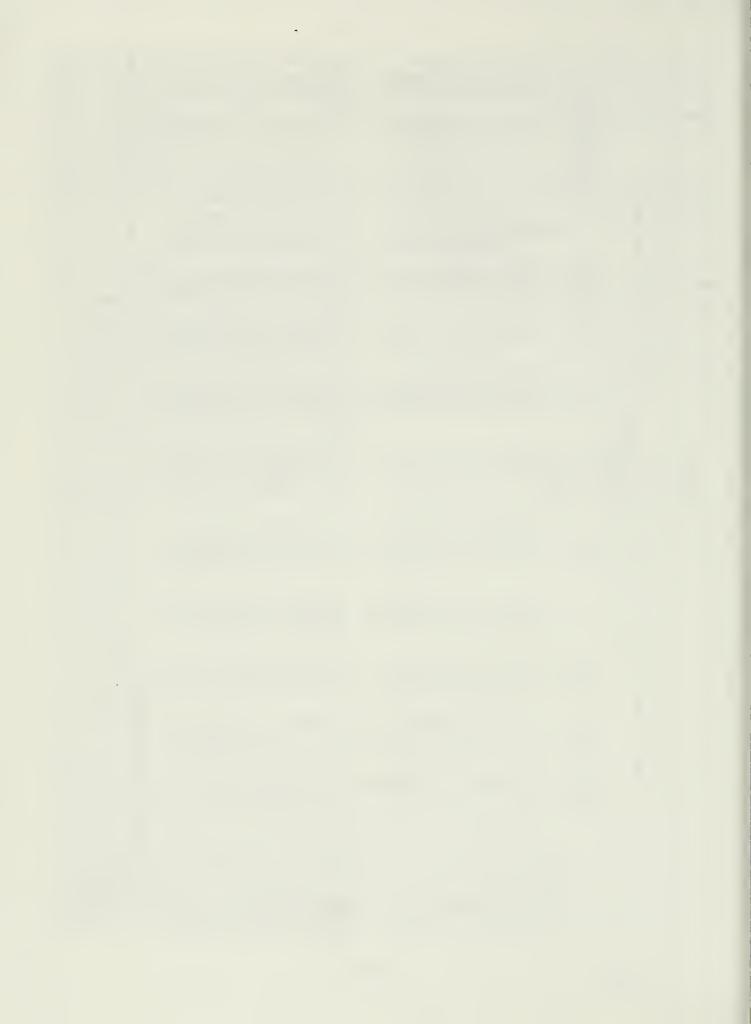
³ Taxes reactive computed on the basis of population January 1, the midpoint of the fiscal year.

*Beginning in 1966-67, most state revenues were placed on an accrual basis. Beginning in 1973-74, only accounts receivable are accrued.

† Estimated.

Data may not add due to rounding.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.



COMPARATIVE YIELD OF STATE TAXES, 1950-51 THROUGH 1983-84 (In thousands) TABLE 6

Motor Vehiclo Foes	\$117.680 127,809 170,519 170,519 185,505 170,519 185,505 127,133 127,133 127,504 127,504 132,534 132,534 132,534 132,534 132,534 132,534 132,534 132,534 132,534 132,534 132,534	405,061 437,918 469,655 513,201 596,922 664,438 664,438 664,438 1,127,835 1,127,238 1,137,256 1,581,073 1,682,000
Motor Vehicle Fuel	5149,907 163,006 163,006 134,385 244,588 291,368 291,364 302,671 317,709 317,709 317,709 318,215 450,115 551,108 542,822 542,822	643,698 580,487 625,667 678,537 674,535 742,196 742,196 742,196 742,196 742,196 742,196 742,196 890,531 830,935 833,947 833,947 833,947 833,947 833,947 833,947 833,947
Beer	\$3,796 3,730 3,730 3,989 3,989 4,373 4,361 5,129 10,495 11,299 11,299 11,666 13,751	14,964 13,196 14,118 16,115 11,737 17,737 17,737 19,893 19,893 19,893 22,972 22,972 22,973 26,137 28,372 28,000 29,000
Horse	\$16.368 20,045 20,045 20,045 20,045 20,048 20,048 36,248 36,248 36,248 36,248 36,248 36,248 36,248 36,248 43,456 43,443 44,443	9,311 9,312 9,313 9,839 9,839 9,80 1,12 11,59 11,59 11,50 11
Distilled Spirits	\$16,094 14,430 15,615 15,615 13,902 33,903 34,685 44,736 44,736 44,736 44,736 44,736 44,736 44,736 44,736 44,736 45,418 45,418 45,418 50,145 50,145	64,733 81,700 83,494 88,494 88,793 96,797 100,554 100,554 114,922 115,757 115,191 111,151
Insur- ance	25,244 25,732 38,205 38,205 38,205 38,205 38,205 38,205 38,205 38,705 38	131,226 121,152 136,733 136,733 179,674 201,697 201,697 201,224 201,224 201,224 201,897 466,228 466,228 466,228 466,23
Inheritance and Gift ²	23,167 29,168 24,144 24,112 36,234 36,334 48,933 76,012 76,012 76,012 76,012 114,43 114,43	141,899 1135,554 1156,554 1166,299 120,192 221,193 221,94 316,648 316,
Cig- arette	\$64,805 66,034 66,034 66,034 71,822 74,477 74,578	78,191 219,772 237,328 226,878 221,424 221,424 221,675 226,515 226,816 276,824 276,824 276,824 276,824 277,826 276,500
Bank and Corporation 1	\$98,245 120,127 121,127 121,026 133,601 173,598 174,003 274,718 274,718 276,719 405,247 415,247 415,247	453,292 576,874 592,303 587,013 587,013 662,522 662,523 1,286,515 1,235,673 1,246,515 2,381,223 2,381,223 2,310,634 2,510,039 2,510,030 2,649,000 2,811,000
Personal Income (\$15,891 90,914 94,551 96,169 1143,290 149,269 160,553 269,103 269,103 269,103 44,625 500,086	626 697 952,487 1,101,691 1,152,053 1,264,383 1,785,618 1,884,058 1,884,058 3,761,386 4,667,887 4,761,571 6,588,694 7,493,000
Sales and Use	5399,243 417,693 460,110 492,917 564,225 600,102 603,238 631,514 719,648 711,702 749,523 813,669 939,694 1,096,162	1,190,750 1,665,979 1,652,979 1,652,979 1,1808,022 2,198,523 2,198,523 2,198,523 3,742,524 4,313,999 5,623,521 7,689,023 7,689
'ear Ending June 30	CASH BASIS 1951 1952 1953 1954 1955 1956 1957 1958 1959 1950 1950 1950 1960 1961 1961 1961 1961 1961 1965 1965 1965	ACCRUAL BASIS • 1967 1970 1970 1971 1971 1971 1972 1975 1976 1976 1976 1977 1977 1978 1978 1978 1978 1978 1978
Year	252. 252. 252. 253. 253. 253. 253. 253.	NOCR 968 - 988 - 9

Includes the corporation income tax.

Proposition 6 repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable Federal estate tax credit, effective for decedents dying on or after June 9, 1982.

Motor vehicle fuel tax (gasoline), use fuel tax diesel and injusticed patroleum gas).

Registration and weight fees, motor vehicle license fees and other fees.

Registration and weight fees, motor vehicle license fees and other fees.

Registration and weight fees, most state revenues were placed on an accrual basis. Beginning with 1973-74, accounts receivable only are accrued.

Farimated.

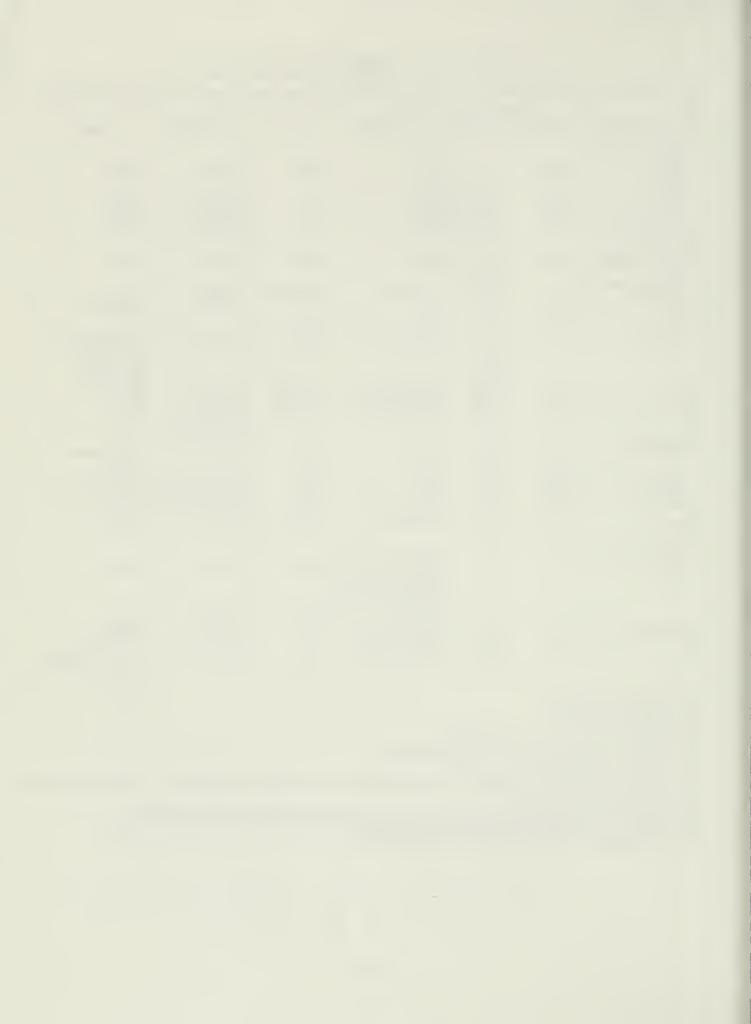
NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.



TABLE 7 **OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1983**

	Referen	ce			Administering			
Major Taxes and Fees	Code	Sections	Base or Measure	Rate	Administering	Fund		
Alcoholic Beverage Ex- cises:								
Beer Distilled spirits Wine:	R & T (1) R & T	32151(a) 32201(a)	Gallon	\$0.04 2.00	Equalization (2) Equalization	General General		
Dry	R&T	32151(b)	Gallon	.01	Equalization	General		
Sweet Sparkling	R & T R & T	32151(c) 32151(d)	Gallon	.02 .30	Equalization	General General		
Sparkling hard cider	R & T	32151(e)	Gallon	.02	Equalization	General		
Bank and Corporation:								
General corporations	R & T	23151 23501	Net income	9.6% (3)	Franchise (4)	General		
Banks and financial cor- porations	R & T	23183	Net income	12.0%Max.	Franchise	General		
Cigarette	R&T	30101	Package	\$0.10 (5)	Equalization	Cigarette Tax		
						Fund (6)		
Energy Resources Sur- charge	R & T	40032	Kilowatt hours	\$0.0002	Equalization	Energy Resources		
Horse Racing License	B & P (7)	19611	Amt. wagered	1.0-6.45%	Horse Racing Board	Surcharge Fund Fair and Expo.		
Torse Racing Dicense	Da1 (/)	19612	Time wagered	1.0 0.15 /0	Troise reacing board	(8), Wildlife		
		19614				Restoration		
	D 0 T	19491	Breakage	0-100%	0-4-11-	and General		
statensurance	R & T R & T	13304 12202	Taxable Federal estate Gross Premiums	0.8-16%	Controller Insurance Dept	General General		
iquor license fees	B & P	23320	Type of license	Various	Alcohol Beverage	General		
			••		Control Dept	General		
Motor Vehicle:	R&T	10751	Market value	2%	Motor Vehicle Dept.	Vehicle License		
Vehicle license fees	K & I	10751	Warket value	270	Motor venicle Dept.	Fee (10)		
Fuel-gasoline	R&T	7351	Gallon	\$0.09	Equalization	Fuel (11)		
Fuel—diesel	R&T	8651	Gallon	.09	Equalization	Fuel		
Registration fee	Vehicle	9250	Vehicle	\$23.00	Motor Vehicle Dept.	Motor Veh. (12)		
Weight fees	Vehicle	9400	Unladen weight	Various	Motor Vehicle Dept.	Motor Veh. (13)		
Personal Income	R & T	17041	Taxable income	1-11%	Franchise	General		
Preference Income:								
Bank and corporation	R & T	23400	Preference income over	250	P 1:			
Domonal	R&T	17062	\$30,000 Preference income over	2.5%	Franchise	General		
Personal	I & I	17002	\$4,000 (single), \$8,000					
			(joint, head of					
			household, or surviving					
N	D 4 T	11401	spouse)	0.5-5.5%	Franchise			
Private Railroad Car	R & T R & T	11401 6051	Valuation Receipts from sales or	(14)	Equalization	General		
Retail Sales and Use	και	6201	lease of taxable items	4.75%	Equalization	General and State		
			The state of the s		-4	Transportation Fund		

- Revenue and Taxation Code.
 State Board of Equalization.
 Minimum Tax \$200 per year.
 Franchise Tax Board.
 This tax is levied at the rate of 5 mills per cigarette.
 Business and Professions Code.
 For support of county fairs and similar activities.
 Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. A special rate also applies to certain types of insurance and annutites.
 For return to cities and counties.
 For administrative expense and apportionment to state, counties and cities for highways, airports and small craft harbors.
 For support of State Department of Motor Vehicles, California Highway Patrol, state highways and environmental protection.
 For transfer to the State Highway Account after administrative expense.
 Average property tax rate in the State during preceding year.





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CLASSIFICATION OF FUNDS IN THE STATE TREASURY

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 4 and 5 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals; and along with selected Bond Funds, are included in the overall expenditure totals. Beginning in 1981-82, the classification of funds in the state treasury is being changed to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 1–D in the A-Pages includes a description of these changes and shows their effect on the 1983–84 budget totals.

GENERAL FUND—Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental cost funds is the

restriction placed on the use of revenues of the other governmental cost funds.

SPECIAL FUNDS—Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement and capital outlay.

General Fund Special Accounts—Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund Unrestricted revenues, expenditures and reserves.

OTHER FUNDS—See Schedule 5 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

Working Capital and Revolving Funds—Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

Public Service Enterprise Funds—Self-supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

Bond Funds—Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

Retirement Funds—Moneys held in trust by the State for retirement benefit payments.

Trust and Agency Funds—Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

SELECTED BOND FUNDS—Included in the overall expenditure totals of Schedules 1 and 3 for budget purposes are expenditures from the following funds:

Health Science Facilities Construction Program Fund. Recreation and Fish and Wildlife Enhancement Fund.

State Beach, Park, Recreational and Historical Facilities Fund (of 1964). State Beach, Park, Recreational and Historical Facilities Fund (of 1974).

State Clean Water Fund.

State Construction Program Fund. California Safe Drinking Water Fund.

State, Urban, and Coastal Park Fund (Bond Act of 1976).

Parklands Fund of 1980.

State Clean Water and Water Conservation Fund.

New Prison Construction Funds.

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1981–82, 1982–83, AND 1983–84 (In thousands of dollars)

	Total	29,000 112,000 2,810,000 267,500 4,000 131,050 225,000 450,000 815,000	1,016,850 119,000 841,020 8,710,000 8,616,000 27,000	24,173,420	5,500 635 13,527 6,427	8,834 17,985 20,104 4,890 341,961	29,172 29,172 23,000 23,000 20,696	46,125 37,362	3,100 250,000 72,199 289 1,298	349,504 23,890 1,403 10,800 86,116	13,180 20,209 24,734	30,701 30,701 8,541 186,931	1,848,714	
Estimated 1983-84	Special funds	79,500 19,050 1815,000	1,016,880 119,000 119,000 841,020 27,000 27,000	3,080,320	635 1,800 13,527 6,427	365 - 4,890 - 1	29,096 91,670 31,860 23,000 20,696	46,125 18,681	1,900 70,599 264 380	135,122 23,890 - 10,800 86,316	36,709	2,996 30,701 143,761	832,352 3,912,672	
	General Fund	29,000 112,000 2,810,000 188,000 4,000 112,000 225,000 450,000	8,719,000 8,453,100	21,093,100	9,500	8,469 17,985 20,104 341,961	10,130 76 602 	18,681	1,200 250,000 1,600 25 918	214,382	13,038 3,500 24,754	4,133 - 8,541 43,170	1,016,362	
	Total	28,000 110,000 2,640,000 271,000 8,000 125,050 500,000 703,000 741,000	809,850 90,400 812,073 7,275,000 7,730,000 28,000	21,871,373	3,000 578 1,800 11,851 4,855	8,549 17,985 20,041 4,510 309,770	9,287 27,035 75,372 30,880 21,500 17,342	44,299	3,710 225,000 82,696 2,005 1,379	473,667 23,890 1,393 10,000 82,330	10,828 20,220 25,302	10,865 27,325 8,541 161,257	1,817,540	
Estimated 1982-83	Special funds	80,500 18,050 1741,000	809,830 90,400 812,073 152,300 28,000	2,732,173	578 1,800 11,851 4,855	365 - - 4,510 -	26,959 74,830 30,880 21,500 17,342	44,299 522	1,819 - 81,196 1,980 370	318,071 23,890 10,000 10,000	13,400	7,020 7,350 - 119,389	907,148	
E	General Fund	28,000 110,000 2,640,000 1100,500 8,000 107,000 703,000	- - 000,272,7 - - - -	26,000	000	8,184 17,985 20,041 309,770	9,287 76 542 	11,957	1,891 225,000 1,500 25 1,009	155,596	10,785 6,820 25,302	3,845 19,975 8,541 41,868	910,392	
	Total	28,372 2,648,735 2,648,735 27,6824 14,751 123,625 486,500 484,196 706,416	752,059 81,288 636,171 7,493,005 7,689,023 29,969	21,556,085	4,854 520 1,669 10,574 4,729	8,417 17,985 16,136 4,286 250,320	8,44 24,955 60,231 30,994 10,43	39,691 11,329	3,322 317,272 95,825 1,521 1,383	467,978 20,040 1,434 10,562 71,810	10,723 13,297 21,072	8,127 19,868 6,424 177,747	1,801,001	
Actual 1981-82	Special funds	82,518 17,900 17,900	752,059 81,288 636,171 140,316 29,969	2,446,637	520 1,669 10,574 4,729	30 - 4,286 -	24,868 59,879 30,994 10,343	39,691 50 4	1,876 - 79,829 1,496 381	450,883 20,040 10,562 71,810	7,412	7,101 7,199 - 145,718	1,012,075	
	General Fund	28,372 111,151 2,648,735 194,306 14,751 105,772 480,500 484,196	7,493,005	19,109,448	4,854	8,367 17,985 16,136 - 250,320	87. 87. 152.	10,825	1,446 317,272 15,996 25 1,002	17,095	10,723 5,885 21,072	2,426 12,669 6,424 31,029	788,926 19,898,374	
	Sources MAJOR TAXES AND LICENSES Alcoholic Beverage Taxes and Face:	(a) Excise Tax on Beer and Wine (b) Excise Tax on Distilled Spirits Bank and Corporation Tax Grarette Tax Grift Tax Grift Tax Horse Racing Revenues Estate/Inheritance Tax Insurance Companies Tax Mont Vehicle License Fees ("In-Lieu" Tax)	Action Feature 1 at 1 a	IOTAL, MAJOR TAXES AND LICENSES	Private Railroad Car Tax Off — Hwy Motor Vehicle License Fees ('In — Lieu' Tax) Off — Hwy Motor Vehicle Registration and Other Fees Personalized License Plates Architecture Public Building Fees	Corporation Licenses, Permits and Examination Fees Co Bd Charges: Mental Hith Patients & Clinic Fees St Hosp Pay Patient Bd Charges & Clinic Fees Teacher Creckatial Fees Receipts From Health Care Deposit Fund	Medicare Recepts From the Federal Government Department of Food and Agriculture Department of Consumer Affairs Electrical Energy Surcharge Department of Real Estate	Department of Fish and Game Department of Insurance Department of Insurance Interest on Investments:	(a) Interest Income (b) Pooled Money Unvestments (c) Surplus Money Investments (d) Condermation Deposit Investments (e) Other Interest Income	(a) Collected by State Lands Commission (b) Federal Lands	Secretary of State—Fees and Miss Public Utilities Commission Proceeds Under Unclaimed Property Tax	Sates of state Property State Beselvand Park Service Fees California Exposition and State Fair Not Otherwise Classified	TOTALS, OTHER REVENUESTOTALS, REVENUES	* Dollars in thousands

Schedule 2

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1981-82, 1982-83, AND 1983-84-Continued

	Total	111111111	1,248	167	1,347	3,386
Estimated 1983-84 *	Special funds	-22,584		-2,066 -300,000	- 85 - 85 41,780	
	General Fund	22,584	1,248	300,000 300,000 1	85 85 1,347 41,780	369,901
	Total		0,000 1,200 - - -	197	1,247	80,000 79,667 23,768,580
Estimated 1982-83 *	Special funds	-2,000 -2,000 29,756	-3,425 -390 -2,700	-261,000 -315 -3,440		-80,000 80,000 -360,392 3,278,929
		2,000	-6,000- 3,425 3,425 1,200 1,200 2,700	791 261,000 315 3,440	42,000 42,000 1,247 16,216 1,579	80,000 - 440,059 20,489,651
	General Fund	111106	758	2,836	2,500 179,490 1,530 1,530 658 625 189	243,797
* 28	Total	-2.700 -84,887 -1.83 -1,000 -1,709 -2,000 -4,967 -95,766	- - - - -1,390 -2,974	8,000 - 131,573 - 8,500 - 52,269 - 1,000 - 1,001 - 1,001	- 252,800 - 125,324 - 1,068 - 35,773 - 35,773	-2,210 -818,177 2,640,533
Actual 1981-	Special funds	2,700 84,887 1,887 1,000 1,709 20,000 95,766	758 758 30 1,390 2,974	2,836 18,536 131,573 8,500 22,269 1,000 400 1,001	179,490 252,800 252,800 105,334 1,530 1,668 35,273 25,000	2,210
	General Fund	ind indicates and a state of the state of th	pud *		nd, State c c c c c c c c c c c c c c c c c c c	- 38
	Sources	Acronautics Account STF Capital Outlay Fd for Public Higher Educ Clan Could Red for Public Higher Educ Clan Account, the Construction Inspectors Regis Board Fund Coursetions Training Fund Driver Training Penalty Assessment Fund Driver Training Penalty Assessment Fund Emergency Telephone Number Acet, State Emergency Telephone Number Acet, State Employment Development Contingent Fund Express and Resources Fund	Ridesharing and Alternative Transportation Fund *	Industrial Relations Unpaid Wage Fund ¹ Insurance Fund (effective 7/1/83) Local Agency Indebtedness Fund Motor Vehicle License Fee Account TTF Off Highway Vehicle Fund Park and Recreation Fund, State Peace Officers Training Fund Property Acquisition Law Money Account Renewable Resources Energy Agricult Acct	Revene Sharing Fondricton Fund " Revene Sharing Fund, Federal School Building Lease—Purchase Fund, State School Building Lease—Purchase Fund, State Social Account for Capital Outlay " Special Account for Capital Outlay accepted Special Deposit Fund, Racetrack Scurity Acct Tax Preparers Fund Transportation Planning & Develop Acct Trust Fund, Federal " Touriersity of California Teachers Hospital Revolving Fund 1" Various Other Unallocated NGC Bunde	Water Fund, California Water Resources Development Bond Fund TOTALS, TRANSFERS TOTALS, REVENUES AND TRANSFERS

¹ Not recorded as reduction in special funds as these funds are nongovernmental cost funds and receipts are not included in budget totals.

² Chapter 502, Statutes of 1982, created the Ridesharing and Alternative Transportation Fund and appropriated \$6 million from the General Fund to this fund. This transfer is treated as a transfer rather than a General Fund expenditure in the budget for Special Transportation Programs (2640).

* Dollars in thousands

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84 Schedule 3

		i	Actual 1981-82					8					Estimated 1983-84		
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Boad funds	Federal Funds
STATE OPERATIONS															
LEGISLATIVE, JUDICIAL, AND EXECUTIVE Legislative Legislature															
Senate Assembly Joint Expenses	30,942 46,559 21,729	321 428 1,091	31,263 46,987 22,820	1 1 1	1 1 1	29,415 46,608 19,905	1,749 1,300 1,846	31,164 47,908 21,751	111	111	30,924 48,672 22,555	1,837	32,761 48,672 22,755	111	111
Totals, Legislature Contributions to Legislator Retire Fund Legislative Council Bureau Contributions to Alifornia Law Revision Commission	99,230 660 10,010 385	1,840	101,070 660 10,010 385	• • • •		95,928 720 13,998	4,895	100,823 720 13,998			102,151 792 16,786 410	2,037	104,188 792 16,786 410		' ' ' '
Commission on Uniform State Laws	110,331	1,840	112,171			111,084	4,895	49			120,190	2,037	51	1	
Judicial Judiciary Contributions to Judges Retirement Fund National Center for State Courts	29,478 937 14	22 - 1	29,530 937 14	1 1 1	1 1 1	36,203 1,199 14	8	36,255 1,199 14	1.1.1	1 1 1	43,878 1,205 14	8''	43,930 1,205 14	111	111
Totals, Judicial	30,429	52	30,481		, 	37,416	22	37,468	'	'	45,097	25	45,149		
Executive Covernor Governor Executive Office	4,842 798 382	1 1 5	4,842 798 1,025	1 1 1	198	4,929 570 330	1 246	4,929 570 795		121	4,929 606 445	1 1 674	4,929 606 823		
Secretary for Health and Welfare Secretary for Resources Secretary for Youth & Adult Correctional	2,019 1,150 602	11:	2,019 1,150	1 1 1	138 110	2,414 1,043 619	111	2,414	1 1 1		1,283	111	1,283		
Off for Citizen Initiative & Volun Act Gov's Council on Wellness & Phys Fitness		1 1	1 '	1 1	≅ '	ខ្លួនន	1 1	នខេត្ត	11	9 1 8	3 1 1 8	1 1	1 1 8		• •
California State World Trade Commission	1 1 1	1 1 1	1 1 1	1))	1 01	293		293		78	9563		. 463 1		
Office Special Health Care Negotiations Office of Planning and Research Office of Economic Opportunity	3,627	501	3,828	1 1 1	765	3,163 576 576	312	3,475 975	1 1 1	1,182	3,314	. 55 .	3,327	111	3,056
Office of Long—Term Care Office of Emergency Services Governors Portrait	3,931	843	4,774	1 1 1	2,433	3,936 13	428	4,364	1 1 1	3,031	150 4,526		150 4,803	111	2,766
Totals, Executive/Governor	17,697	1,687	19,384		50,826	19,432	1,205	282	' 	118,432	18,792	769	195,61	1	6,420
Executive/Constitutional Uffices Office of the Lieutranat Governor Department of Justice	913 81,709 41,592	12,477	94,186 43,439		4,773	953 39,461	15,563	98,109 41,578	1 1 1	4,921 627	88,222 37,776	16,131	995 104,353 39,878		, 592 540
State Board of Equalization	10,501	3,724	10,501			10,747	4,642 2 1 1	10,747			12,429	4,814 1 1	12,429		
State Treasurer California Debt Advisory Commission	2,397		2,397	11	' '	3,128	. 25	3,128			3,274	634	3,274 634	''	' '
TOTALS, LEGISLATIVE, JUDICIAL, AND EX-	204,815	18,048	222,863		175,2	203,498	22,967	226,465	"	5,548	213,501	23,681	237,182	i	5,465
ECOINE	202,212	/70'17	564,699	1	/66,00	3/1,430	611,62	400,549	•	086,621	080'/60	600'07	474,119	•	11,000

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND 1983-84—Continued

		1	4-4 1001 00		2		(epinor	Entimeted 1002 02				Dotimo	Detimoted 1002 04		
	General	_		Selected	Federal	General			Selected	Federal	General	Special		Selected	Federal
	Fund	spuny	Total	Bond funds	Fund	Fund	spuny	Total	Bond funds	Fund	Fund	ymy	Total	Bond funds	Funds
STATE AND CONSUMER SERVICES Museum of Science and Industry	3,944	1	3,944	•	1	4,204	1	4,204	ı	1	5,472	1	5,472	•	•
Department of Consumer Atlans Board of Accountancy Board of Architectural Examiners	1 1	1,924	1,924	1 1	1 (1 1	2,107	2,107	1 1	1 1	1 1	2,083	2,083		• •
Athletic Commission Bureau of Automotive Repair	517	3,485	3,485	1 1	1 1	554	6,312	6,312	1-1	1 1	573 -	16,892	573 16,892		• •
Board of Barber Examiners	1 1	298 210	228	1 1	1 1	1 1	₹£:	₹ 5:			1 1	5 S.	291		• •
Cenetery Board	1 1 1	194 1,932 14 737	1,932	1 1 1	1 1 4	1 1	2,733 2,733	212 2,733 5,733	1 1 1	1 4 1	1 1 1	3,059	3,03	111	• • •
Collidations state include Double Board of Connectology Board of Derital Examiners	1 1 1	1,883	1,883	11	11	1 1	2,378	2,378		11	11	2,357	2,357		
Bureau of Electronic & Appliance Repair Bureau of Employment Agencies	1 1	820 453	820 453	1 1	1 1	1 1	913 653	913 653	1-1	1-1	1 1	965 111	965 711	1 1	• •
Nurses Registry Board of Fabric Care		616	13 616	1 ‡	1 1	1 1	71 797	7-75	1 1	1 1	1 1	824	82 42		• •
Board of Funeral Directors and Embalmers Bd of Reg for Geologists & Geophysicists	1 1	450 138	450 138	1 1	1 1	1 1;	476 150	150 150	1 1	1 1	11;	<u>\$</u>	<u>\$</u>		• •
Board of Guide Dogs for the Blind	- 1	1,083	1,083	1 1	1 1	23 -	1,281	1,281	1 1		% '	1,395	22 295,1		• •
Board of Landscape Architects	1 1	152	152	1 1	1 1	1 1	282 12.327	282 12,327	1 1	1 1		13,571	223 13,571	1 1	1 1
Board of Examiners of Nursing Home Admin		226	226	1 1	1 1	1 1	242	242	1 1		1 1	249	28.5	1 1	• •
Board of Pharmacy Roard of Reg for Professional Frontiers	1 1	1,709	1,709	1 4	1 1		1,802	282			1 1	1,882	1,882		• •
Board of Registered Nursing		300	96. 76.				3,683	3,683			1 (3,853	3,853	11	
Structural Pest Control Board	1 1	1,547	1,547	1 1	1 1	1 1	1,783	1,783	1 1	11	1 1	26,5	205.	1 (
Total Veterinary Medicine Rd of Voc Nurse & Psych Tech Examiners		459	459	1 1 1			471	471	1 ()	1 1 1	1 1 1	288 888 888	2033		
Dept of Consumer Affairs – Admin Services Division of Consumer Services	1,362	1 1	1,362	1.1	31	1,361	1 1	1361	1 1	1 1	1,228	' '	1,228		• •
Consumer Advisory Council	,	' c		1		27	1 1	27	'	-	79	- 320 626	97 02		1
Jotas, Department of Consumer Affairs Dept of Fair Employment and Housing Evir Branchournet and Housing	1,896 8,813	25,221	8,813	1 1	2,084	7,980	03,321	25,236 7,980 89,5		1,852	8,327 7.13	0/0'//	8,327 8,327	1 1	1,852
Office of the State Fire Marshal	3,974	1 1	3,974	1 1	46	4,002	1 1	4,002	1 1	31	4,171		4,171		
Dept of General Services State Personnel Board	21,523 21,523 21,525	10,806	18,037 21,525		78 1	5,490 20,839	12,655	18,145 20,839		· <u>8</u> ·	21,70	13,927	18,671 21,701		ള '
Public Employees' Retirement System	178	1	178	ı	•	192	•	192	1	•	28	•	184	•	•
General Activities Veterans' Home of California	2,187 16,771	1-13	2,187 16,771	1 1	8,253	2,046 17,027	1 1	2,046 17,027	1-1	9,755	2,074 18,741	• •	2,074	1 1	8,869
Totals, Department of Veterans Affairs TOTALS, STATE AND CONSUMER SERVICES	18,958	64.027	18,958		8,253	19,073	75.976	19,073		9,755	20,815	- 109.16	20,815		8,869

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND 1983-84—Continued Schedule 3

	Federal					136	748			884	٠	177,101	4, 4, 2, 2, 2, 4, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	1 1	106,943	107,827	107,827 1,332 2,373 2,467 2,467 1,501 1,916 1,916 1,916 1,516 31 31 31 31 30,618
	Selected Bond funds		11	1 1	1 1	1 1	•	١ ،		 	1		1 1	1 1	1		1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1
Estimated 1983-84	Budget Total		118	13,946	6,681 6,285	6,705 231	7,981	16,686	3,134	79,340	1,136	644,715	414 345,912	232,643	1,226,697	1,306,037	1,306,037 400 140 15,366 2,586 4,098 18,708 113,70
Estri	Special funds		81 -	498	6,681	231	3,429	16,686	3,134	48,138	1,136	644,715	345,912	1,877	1,226,657	1,274,795	1,2/4,/95 1,2/45 1,3/66 1,5/86 2,5/86 3,5/46 5,3/46
	General Fund		1 1	13,946 -286	6,285	6,705	4,552	•		31,202	•		1 1	₹ '		31,242	31,242 400 4024 4,024 3,576 1126,187 7,498 3,548 3,548 5,763 5,763 11,885 11,885 11,885 11,885
	Federal Fund		1 1	1 1	1 1	388	579		1 1	196	1	100,493	3,78	9 1	104,443	105,410	105,410
	Selected Bond funds		1.1	1 1	1 1	1 1	1 1	1 1	1 1		1		1 1		' '	'	1,779
Estimated 1982-83			250	13,444	6,348 7,130	6,695 365	8,738	10,833	3,150	74,644	1,083	635,479	316,830	1,671	1,161,112	1,235,756	455,756 1,553,756 1,543,87 3,367 3,367 3,367 3,367 3,367 1,131 1,1
Estir	Special funds		250	1 1	6,348	365	3,155	522	3,150	31,208	1,083	635,479	316,830	1,671	1,161,075	1,192,283	1,192,283 2,022 43,387 3,367 2,228 46,117 4,44 5,887 6,66 6,67 11,420 11,420 20 3,444 3,444 1,13,433
	General Fund		1 1	13, 44 4 273	7,130	6,695	5,583	10,311		43,436	1	1 1	1 1		37	43,473	400 1,500 1,500 1,500 1,004 1,800 1,800 1,800 1,500 1,
	Federal Fund		1 1	1 1	1 1	212 -	236	1	' '	808	1	72,644	130	771	84,083	84,891	2,636 2,076 2,076 2,076 2,076 2,013 2,830 2,830 2,013 11,080 11,080 41,080
	Selected Bond funds		1 1	1 1	1 1	1 1	1 1	1 1	' '	'	1			1 1	' '	'	6220 6,2720 6,2720
Actual 1981-82	Budget Total		1 1	13,769	5,916 7,718	7,384	11,759	10,317	5,825	77,657	801	591,308	308,004	1,545	1,087,212	1,164,869	22,105,609 1,105,609 1,4
Acı	Special funds		1 1	1 1	5,916	1 1	3,099	504	5,825	30,042	108	591,308	307,028	1,545	1,084,780	1,114,822	25 75 75 103 24,55 740 740 740 740 741 74,479 744,479 744,479 744,479 744,479 744,479 744,479 744,479 746 747 748 748 748 748 748 748 748
	General Fund		1 1	13,769 271	7,718	7,384	8,660	9,813	' '	47,615	ı	. 1	926	P 1 29	2,432	50,047	245 28,079 28,079 4,510 1121,919 7,328 649 5,456 7,514 70,593 266 8,514 14,504 14,504 14,504
		BUSINESS, TRANSPORTATION, AND HOUSING	Solar Cal Council	Dept of Alcoholic Beverage Control	State Banking Department	Dept of Economic and Business Dev Calif Industrial Dev Financing Adv Comm	Dept of Housing & Community Development Mortgage Bond Allocation Committee	Dept of Insurance	Dept of Savings and Loan	Totals, BusinessTransportation	Carlos Transportation Commission	Dept of Transportation	Dept of the California Highway Patrol	Trefat Medication Ventures Trefat Adjudgation Board Stenker Stenker	Totals, Transportation	TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	RESOURCES Special Resources Programs St Assist Fd Energy Ca Bus Industry Dev Calif Alt Energy Source Financing Auth California Oncervation Corps Energy Resources Conservation & Dev Com Renewable Resources Investment Program California Water Management Board Air Resources Board of California Dept of Forestry State Lands Commission Dept of Forestry State Lands Commission Dept of Fish and Game Widdife Conservation Board Dept of Parks and Recreation Dept of Parks and Recreation State Coastal Commission State Coastal Commusion State Coastal Commusion State Coastal Commusion State Coastal Commusion State Water Resources Control Board

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84—Continued (Figures in thousands)

	Federal Funds	3,212 1,617 1,705 2,816 2,066 2,066	223 223 530 2,436,254 73,138 98,579	88 889 777	32,336 200 125 - 32,661	1,790,087 816 94,296 422 - 1,885,623	008'1
	Selected Bond funds						
Estimated 1983-84		978 978 1,780 202 5,013	15,070 15,927 105,034 65,222 58,962 45,223 3,653 417,989	599,236 1,176 6,639 2,167 166,300	65,771 25 25 5,478 71,274	2,550 1,202,051 7,517 924,663 4,088 4,088 4,767 2,149,842 2,221,116	2,834 4,4,147 3,921 11,502 337
Estima	Special funds	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	23,887 172 10,849 3,653 48,910 ==	921	1,836	20,938 10,093 182 530 530 11,743	4,147
	General Fund	978 967 1,780 202 5,013 130	24,783 15,755 105,034 54,373 58,962 42,223	599,236 255 6,639 2,167 166,300 =	63,935	2,550 7,517 914,570 3,906 3,906 4,767 2,118,099	2,419 3,921 600 6,940 337
	Federal G	3,587 3,214 1,706 2,776 2,617 5,9	176,800 18 18 948 76,253 95,940 - 3,436,672 ===	841 - 111	31,731 220 136 136 32,087	3 806 92,960 673 11,800 1,799,889	3,923
	Selected For Bond funds F						
Estimated 1982–83	Budget Sell Total Bono	997 4,952 1,654 1,94 6,673	116,735 16,008 105,130 63,785 58,311 44,344 3,308 = 422,233	485,033 1,068 5,735 2,774 169,129 663,539	66,956 24 - 4,540 71,520	2,431 1,167,051 7,258 938,770 3,691 4,066 82,278 2,205,545	2,877 4,005 7,438 7,438 15,215 336
Estimated	Special Bu funds	3,817	20,509 102 10,438 3,308 44,634	586 814 1,400	2,646 - - 4,540 7,186	18,613 9,820 177 590 - 29,200 - 36,386	401 4,005 220 4,626
		997 1,135 1,654 194 6,673	59,786 15,906 105,130 53,347 58,311 44,344 17,621 ==	484,447 254 5,735 5,735 169,129 662,139	64,310 24 24 - - 64,334	2,431 1,148,438 7,258 928,550 3,514 3,476 8,2.78 2,176,345	2,476 7,438 675 10,589 326
P. C. C.	ral General	3,767 2,596 75,218 2,023	2,535,074 710 73,616 90,705 -	136 496 632	30,578 201 269 32 31,080	1,610,758 1 687 687 95,307 792 21 11,907 72 7795,6643 72 72 72 72 72 72 72 72 72 72 72 72 72	8,092
	cted Federal funds Fund		, , , , , , , , , , , , , , , , , , ,	11111			
181-82	iget Select	2,938 2,938 5,317 96 6,446 120	14,282 96,977 50,269 51,381 51,340 2,635 387,571 ==	419,347 1,654 5,718 2,450 167,381 ==	68,039 97 97 3,40 4	2,366 7,564 962,149 3,530 4,126 82,951 2,176,178 ==	1,782 3,185 7,102 1,664 13,733 270
Actual 1981-82	Special Budget funds Total	1,904	115 115 7,464 2,635 25,386	· 'E'' E'	1,167	6,466 6,466 619 619 73,284 723,284	366 3,185 75 3,626
	General Sp.	921 1,034 5,130 96 6,446 6,446	91,308 14,167 96,977 42,805 51,381 51,540	419,347 541 5,718 2,450 167,381 895,437	66,872 - - - - - - - - - - - - - - - - - - -	2,366 1,097,293 7,564 955,683 3,530 3,537 82,951 2,152,894 7,219,863	1,416 7,102 1,589 10,107 270
	0-	HEALTH AND WELFARE State Council Developmental Disabilities Emergroy Medical Services Authority Office Statewide Health Planning - Develop Department of Aging Commission on Aging Dept of Alcohol and Drug Programs Gov's Adv. Comm Child Developmnt Program	Dept of retail services. California Medical Assistance Commission Dept of Developmental Services. Dept of Mental Health Employment Development Dept Dept of Sechabilitation. Dept of Social Services California Health Facilities Commission TOTALS, HEALTH AND WELFARE	YOUTH AND ADULT CORRECTIONAL AGENCY Dept of Corrections Board of Corrections Board of Prison Terms Youthful Offender Pariol Board Youthful Offender Pariol Board TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY	EDUCATION K Thru 12 Education Department of Education Cal Adv Council on Voe Ed & Tech Train Calif Occupational Info Coord Committee Commission on Teacher Credentialing Totals, K Thru 12 Education	ulfornis commission ulfornis co f. Law crsity & Colleges crsity & Colleges ine Academy f. Cal Comm Colleges mulssion r Education	OTHER GOVERNMENTAL UNITS Civil and Criminal Justice Planning Civil and Criminal Justice Planning Comm on Peace Officer Standards & Train State Public Defender Admin & Payment of Tort Liability Clain Totals, Civil and Criminal Justice Commerce Commission for Economic Development Totals, Commerce

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84—*Continued* Schedule 3

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	Federal Funds	' ' '	•	13,977	' '	13,977	1 1 1	1,691	183	1,874	٠.	• •			207,414	225,063		''	•				• •	Ί΄
	Selected Bond funds		•		· • •	•				 	٠.			1 1	1	·					' '		• •	·
ted 1983-84		2,143 148 1,940	4,231	7,106 5,125 75,343 4,977	2,531 5,378	100,405	255 255 83 1465	70,257	1,774 37,303	124,193	17,107	' ' \$	30/ 128 437	20,897	16,248	298,340		343,039	344,039	75,817	75,811	276,753	3,000	280,053
Estima	Special funds	' ' '	' 	5,741	2,050	1,791	289 255 83	32,152	37,303	72,132	16,585			1 1	2 2 7	= 270,101		'	•		'	, 46, 194 1001	1,500	- 61,794
	General Fund	2,143 148 1,940	4,231	7,106 5,125 69,602 4,933	2,531 2,531 3,328	92,614	1 1 1	10,282 38,105 1 900	477,1	52,061	\$25 660	' ' '	307 128 437	20,897	16,246	197,268		343,039	344,039	75,817	75,811	210,559	1,500	212,259
	Federal Fund	852 - 80	305	15,985		15,985	1 1 1	1,678	1 183 1	1,861	1 1	1 %	1 1		197,438	871,022			ı	161	61			<u>'</u>
	Selected Bond funds	1 1 4		111			1 1 t	1 1 1 1		 	1 1	1 1	1 1		1	` <u>"</u>		''	1	1 1 1	 -	1 1 1	1 +	'j'
Ferimated 1087_83		9,220 172 2,269	11,661	8,981 5,226 76,567	2,862 2,862 4,378	103,606	513 245 74	10,178 68,143	1,672 1,672 36,268	120,296	21,120	8 2	3 8 8	21,991	14,504	310,120		264,484 67,100	331,584	70,260 3,820 -6	74,074	1,909	2,151	\$,079
Fetim	Special funds	350	320	5,454	1,500	6,954	513 245 74	1,338 265 32,162	21,159	55,776	16,512		1 1	1 1 1		84,218		1 1	1	152	152	י י ַּבַ	1,084	1,641
	General Fund	9,220 172 1,919	11,311	8,981 5,226 71,113	2,392 2,862 2,878	96,652	1 1 1	9,913 35,981	1,672 1,672 15,109	64,520	4,608	28.2	294 128	21,991	14,504	225,902		264,484 67,100	331,584	70,260 3,668 1-6	73,922	1,909	35 E	3,438
B	Federal	1,042	1,092	15,294		15,294	1 1 3	1,787	476	2,263	1 1	1 1 1	1 1	1 1 1	156,745	183,486			1	- 21	12	16,100		16,100
	Selected Bond funds	1 1 1	'	1 1 1	1 1 1		1 1 1	1 1 1		'	1 1		1 1		'	' 		1 1	1	1 1 1		1 1		1 1
A 24 1001 82	4	9,334 193 2,089	11,616	8,826 4,422 74,062	0,830 2,738 4,927	101,811	250 25	1,309 9,449 102,325	1,783 1,583 35,110	152,376	17,823	885	219	22,437	16,409	337,604		218,186	218,186	51,525 1,575 -6	53,094	-16,100		-16,100
4040	Special funds	' '01	100	1 1 1	2,856	2,856	252 25	29,566	19,209	51,168	17,038		1.1	1 1 1	'	74,788			1	121	121	1 1	1 1 1	
	General Fund	9,334 193 1,989	11,516	8,826 4,422 74,062	2,738 2,071	98,955	1 1 1	9,184	1583	101,208	785	***	219	22,437	16,409	262,816		218,186	218,186	51,525 1,454 -6	52,973	-16,100		- 16,100
		Cultural Development California Arts Council Native American Herlage Commission Calif Public Broadcasting Commission	Totals, Cultural Development	Labor Agricultural Labor Relations Board Public Employment Relations Board Dept of Industrial Relations	Uninsured Employers Fund	Totals, Labor	Regulatory Board of Chiropractic Examiners	California Horse Racing Board California Exposition and Fairs Dept of Food and Agriculture	Fair Political Practices Commission Political Reform Act of 1974 Public Utilities Commission	Totals, Regulatory	Hinanga 40	Calif Info Systems Implementation Comm	Comm on Calif State Govt Org & Economy Membership for Council of Governments	Commission on the Status of women Commission on the Status of women Department of Finance (887 – 888)	Military Department	Totals, General Administration = TOTALS, OTHER GOVERNMENTAL UNITS	OTHER GOVERNMENTAL SERVICES	Bond Interest and Redemption	Totals, Debt Service	Health Benefits for Annuitants	Totals, Unclassified	Aug for Med Fruit Fly Erad Program	Augmentation for Price Increases	Aug for Office of Admin Law Services

MENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84— <i>Continued</i>	S
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	Federal Funds		5,125,752	85,937 85,937
	Selected Bond funds		8,862	
Estimated 1981-84	Budget Total	-69,532 -11,500 -20,000 -101,032	-1,840 -900 -72,351 -75,091 6,654,631	243 14,128 36,194 9,480 60,045 60,045 8,600 8,600 8,600 8,600 1,420 20,803 20,803 21,223
Estim	Special funds	1,368	-12,608 -12,608 -17,508,408	8,600 8,600 10,1
	General Fund	-70,900 -11,500 -20,000 -102,400	-1,840 -900 -59,743 -62,483 4,856,223	243 14,128 36,194 9,480 60,045 60,045
	Federal		- - - - 5,786,703	37,971
	Selected Bond funds			
Estimated 1982-83		-58,672 -11,500 -20,000 -90,172	450 450 450 450	3,585 13,774 35,969 9,360 62,688 1,300 1,973 1,935 1,935 8,286 4,20 4,20 4,20 4,20 4,20 4,20 4,20
Estim	Special funds	628		8,400 8,400 16,959 16,959
	General	- 59,300 -11,500 - 20,000 - 90,800	-450 -450 4,697,551	3,385 13,774 35,969 9,360 62,688 1,970 1,970 64,679 64,679 64,679
	Federal Fund		5,066,414	30,015
	Selected Bond funds		7,703	
Actual 1981-82		-49,846 -10,532 - - - -60,378	5,954,589	2,660 9,833 32,443 8,520 53,456 608 9,1151 63,928 63,928 63,928 64,538 6,728 4,538 6,728
Actu	Special funds	- 12	1,457,047	9,753
	General Fund	- 49,846 - 10,532 	- 4,497,542	2,660 9,833 32,443 8,520 53,456 6,713 6,728 420 420 420 420
		Savings General Fund Credits From Special Funds General Fund Credits From Federal Funds Mandated Reductions	NOT CLASSIFIED BY AGENCY Governor's Office Unallocated Reduction	LEGISIATIVE, JUDICIAL, AND EXECUTIVE Judicial Judicial to Judges Retirement Fund Salaries of Superior Court Judgeships St. Bleck Grant for Sup Court Judgeships Totals, Judicial Executive/Covernor Office of Economic Opportunity Office of Economic Opportunity Office of Economic Opportunity Office of Economic Opportunity Office of Plauming and Research Office of Lornegancy Services Natural Disaster Assistance Executive/Constitutional Offices Department of Justice Department of Justice Secretary of State Totals, Executive/Constitutional Offices Department of Justice Secretary of State Totals, Executive/Constitutional Offices Department of Justice Secretary of State Totals, Executive/Constitutional Offices Department of Veternas Affairs Totals, State And Consulations Totals, Department of Veternas Affairs Totals, State And CONSUMER SERVICES

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84—Continued (Figures in thousands) Schedule 3

			1001		# -		Jusanius	Ferimeted 1982_83				-	Estimated 1983-84		
	General Fund	Special	Budget Total	Selected Bond funds	Federal	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special	Budget Total	Selected Bond funds	Federal Funds
BUSINESS, TRANSPORTATION, AND HOUSING															
Dept of Corporations	325		325	~ %	347	4 1 200	1 1	4 9	111	2,000	7.07		7.075		39,107
Dept of Housing & Community Development Totals, Business	4,104	' '		318	7,508	-		8,35		40,152	7,07		7,075		39,107
Transportation California Transportation Commission Special Transportation Programs	1 1	2,898 65,212	2,898	98		- 1 1	00006	000'06	1 1	1 1	1 1	75,000	75,000	• •	• •
Department of Transportation: Transportation Planning Program	•	2,033	•	88	4,342	1 1	2,032	2,032	1 1	4,000	1 1	2,032	2,032	• •	4,000
Mass Transportation Program Aeronautics Program	1 1 1	24,699 24,699		\$ 4 8.	50, 50	1 1 1	3,995	3,995		182,100	' '	4,225	4,225	' '	176,500
Totals, Dept. of Transportation	' '	180,786	180,786	198 '	161,725		137,247	137,247		186,220 5,640	• 1	34,049	34,049	' '	4,700
Totals, Transportation		248,896	248,896	96	170,066		227,247	727,247		191,860		109,049	109,049	•	185,200
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	4,432	248,896	253,328	28	172,771	8,355	227,247	235,602	1	232,012	7,075	109,049	116,124	1	224,307
RESOURCES Special Resources Programs California Taboe Regional Planning Agy Energy Resource Conservation & Dev Com Air Resources Board	165 408 408 - 4,033	135 - 729 3,311	,	300 7,729 344 344		165 328 -	385 - 5,660 6,719	550 328 5,660 6,719	1111	1111	1111	300 2,199 6,609	300 2,199 6,609	1111	
Dept of Fish and Game Wilding Oncervation Board Conservation Board California Coastel Commission	956	2,055	2		1,043	989	83, 23	8 589			280	3,484	1,265 3,484 280		
State Coastal Conservancy Dept of Parks and Recreation San Francisco Bay Conserv & Develop Com Proceeding to Bay Conserv & Develop Com Proceeding to Bayers	2,319 31 4,000	13,400			19,041	1,128	19,546 1984	20,674 28,28 3,984		343	2,000	7,000	3,384	4,894 25,000	£ ''
State Water Resources Control Board TOTALS, RESOURCES	- 11,912	1,304	1,304	38 166,025	20,138		36,622	168	137,961	3,129	2,280	12,WI	14,521	104,894	' \$
HEALTH AND WELFARE Office Statewide Health Planning—Develop Department of Aging	3,994	' '	3,994	2 1		3,655 3,692	13	3,655 3,705	1.1	67,427	3,180	1 1	3,180 6,312		64,383
Department of Alcohol and Drug Programs: Alcohol Program	32,303		32,303	288	2,099	32,223 29,702 61,925		29,702		9,115	32,636 29,702 62,338	'' '	32,636 29,702 62,338	.	9,571 21,112 30,683
Department of Health Services Medical Assistance Program Public Health Services for Local Agencies	2,524,375		2,4	: 52 :	1,994,043	2,4	1 1	2,670.646	11	2,079,599	2,007,754 804,550	111	2,007,754 804,550	111	1,877,591
California Children Services. Public Health Block Grant Legislative Mandates.	32,90 4 - 102	111	37,	\$ ' 2 <u>1</u>	c0/. 4		1 1 1	43,622	111	1 1 1	103,085	11	103,085	1.1	18,295
Special Adjustment—Cost-of-Living: Medi-Cal. California Children Services	85,843	11	œ	5,843	73,382	111	1 1 1			111	32,243		32,243	1 1 1	30,474
Totals, Dept. of Health Services Dept of Developmental Services Dept of Mental Health	3,067,840 \$21,892 495,707	3,994	9,6 22,8	1885	2,082,595	3,206,531 524,254 459,890	2,975	3,206,531 527,229 459,890	' ' '	2,097,012 901 8,506	2,972,550 545,177 460,995	2,670	2,972,550 547,847 460,995	'''	1,927,263

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND 1983-84—Continued (FISCAL YEARS 1981-82, 1982-83, AND 1983-84—Continued (Figures in thousands)

	Federal Funds	12,121 1,379,107 40 337,212 97,941 2,676 323,973 18,355 2,225,570 4,165 18,355 2,225,570		9,288 9,288 252,776 63,442 1,912 53,221 7,637 1,957 296,709 5,216
	Selected Bond funds	·····ij		
Estimated 1987-84	Budget Total	949,505 1,174,669 1,708 159,949 2,715 106,019 89,134 2,483,699	6,888 7,279 50 11,500 414 62,812 64,776 78,943	5,198,300 65,290 65,290 147,503 156,024 140,454 140,454 17,844 17,844 17,844 17,844 17,844 17,844 17,844 17,844 17,844 17,844 17,844 17,844 17,844 17,844 18
Estin	Special funds	2,670	7,2,79 	20,000
	General Fund	949,805 1,174,669 1,708 159,949 2,715 106,019 89,134 2,483,699	6,888 - 50 11,500 414 62,812 - 64,776	5,178,300 65,290 65,290 147,505 156,024 140,454 248,546 248,546 26,037 5,520
	Federal	17,987 1,502,462 313,654 117,399 325,020 - 2,276,562 4,479,630		9,288 9,288 63,442 63,442 61,442 61,442 61,442 61,442 61,442 61,442 61,442 61,442 61,442 61,443 61,943 7,637 1,957
	Selected Bond funds			
Estimated 1982-83		1,104,161 1,327,672 1,708 1,708 1,71,976 8,316 9,332 - - - 2,719,185	7,048 5,580 1,500 1,500 64,716 64,777	5,537,843 66,470 16,838 16,163 31,83 3538 3538 373 373 373 373 373 373 373 373 373 3
Estin	Special funds	2,388	5,580	20,000
	General Fund	1,104,161 1,327,672 1,708 1,708 1,709 1,709 1,709 1,109,110 1,109,110 1,109,110 1,109,110 1,109,110 1,109,110	7,048 - 50 1,500 414 62,812 - 64,776	5,517,843 66,470 11,6838 162,693 171,737 16,182 3,588 149,639 149,639 15,604 16,004 16,004 16,004 16,004 16,004 16,004 17,003 18,004 18
	Federal Fund	1,456,043 119,690 119,690 119,6075 12,207,045 2,297,969 4,391,212		28,048 28,048 7,465 272,545 81,785 6,855 6,855 4,632
	Selected Bond funds		** *******	
Actual 1981-82	Budget Total	1,220,333 1,349,088 2,046 175,13 175,13 8,756 103,785 0 0 2,889,220	7,124 43,813 44,3813 1,530 63,370 1,14,620	5,873,515 16,838 16,658 17,346 17,346 13,588 3,588 40,205 2,651 5,003 682,533 17,336 1
	Special funds	906.9	4,034	49,167
	General Fund	1,220,333 1,349,088 2,046 175,132 8,736 103,785 103,78	7,124 39,779 47 1,530 63,370 63,370 1,347 66,683	5,824,348 16,838 162,658 171,346 113,388 3,558 40,209 40,209 40,209 2,651 5,8003 682,535 682,535 682,536 682,538
		Department of Social Services: SSI-SSP Grants. Payments for Children Special Adult Programs. Social Service Programs. Community Care Licensing. County Administration. Local Mandates. Low Income Home-Energy Assistance Program Special Adjustment—Cost-of-Living. Totals, Dept. of Social Services.	YOUTH AND ADULT CORRECTIONAL AGENCY Dept of Corrections	EDUCATION K Thru 12 Education: Department of Education School Apportionment Gifted and Talented Education Programs School Improvement Programs School Improvement Programs School Improvement Programs Economic Impact Aid Program (EIA) Miller-Unruh Reading Program Native American Indian Education Demo Programs in Reading and Math American Indian Education Ourriculum Services Instructional Materials Staff Development Urban Impact Aid. Urban Impact Aid. Home to School Transportation Court Mandate. ESEA Tile I Migrant ESEA Tile I Innovation Program for Refugee Caret Incentive Special Education Vocational Education Vocational Education Program for Refugee Environmental Education Child Development Child Development Child Nutrition Stafe Library

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND 1983-84—Continued Schedule 3

		Federal Funds	1 100	900		96,908		966'908	1.1	• •	' '	11,800	11,800	818,796	00,4	4,000	852	825	' '	•	' '	•	· '
		Selected Bond funds	1 1	۱ ۱	 	• •	- 886,981	199,985	1 1		' '			199,983	1111		'	•		•		1	' '
	Estimated 1983-84	Budget Total	425,612	-1,841	543,859	7,732,827	- 755 81,289 - 79,638	7,925,036	884,943 68	25,432 18,948	6,000	936,151 79,325	1,015,476	8,940,512	16,194	35,106	7,684	7,684	365	365	17,206	29,241	' '
	٠,	Special funds			' '	38,243	-755 1,651	39,139	3,900		900'9	006'6	006'6	49,039	5,672 18,412 -	24,084	'	ı		•	8,332 12,035	20,367	'
		General Fund	425,612	-1,841	543,859	7,694,584	81,289 -81,289	7,885,897	881,043 68	25,432 18,948	092 -	926,251	1,005,576	8,891,473	10,522	11,022	7,684	7,684	365	365	8,874	8,874	'
		Federal C	1 1 0	34,838	1 1	827,587	1 1 1	827,587	1 1	1 1	1 1	 ''		827,587	9,496	9,496	'		1 1	•	' '	ı	'
		Selected Fa	1 1		1 1	1 1	124,985	124,985	1 1	1.1	1 1	' '	'	124,985	1111	, ' '	, '		1 1	•	, 	1	' '
5	Estimated 1982-83		27,386	-1,430	Ç, '	7,596,394	_72 5 177,496 _82,273	7,926,383	1,024,719	24,691	000'9 000'9	1,074,634	1,074,634	9,001,017	12,913 18,412 2,964 4,379	40,340	1,613	1,613	2,000	2,365	16,350	30,480	8
ands)	Estimate	Special L funds	1 1	1 1	1 1	38,849	_725 112,496 1,619	152,239	3,900		000'9	006'6	006'6	162,139	4,668 18,412 -	23,080	1	ı		'	7,563	21,693	အ က
(Figures in thousands)		General S, Fund 1	27,386	-1,430	875	7,557,545	65,000 -83,892	7,774,144	1,020,819	24,691	09/	1,064,734	1,064,734	8,838,878	8,245 2,964 4,379	17,260	1,613	1,613	2,000 365	2,365	8,787	8,787	1
(Figure		Federal G	1 1	1 1	1 1	838,721	1 1 1	838,721	1-1	1 1	1 1	 '' 		838,721	15,215	<u></u>	' 	4	i 1	 	' ' <u> </u>	ı	'
		Selected Fe Bond funds F	1 1	1 1	1 1		1 1 1	 '	1 1	1 1	1 1	' ''		'	1111	' ' '	' 	1	1 1	'	1 '	ı	'
10001	Actual 1981-82	1	13,458	-514	1 1	7,335,826	-683 145.337 -64.042	7,651,929	1,028,906	24,466	760	1,072,596	1,072,596	8,724,525	11,056 15,420 1,793 2,742	32,336	2,121	2,121	19,999 257	20,256	18,801	30,469	26 5
	Actual	Special I	1 1	1 1	{ - t	67,350	683 18,902 1,593	87,162	3,155	1 1	1 +	3,155	3,155	90,317	4,101 15,420 -	19,521	1	1	1 1	'	6,963	18,631	28
		General S	13,458	-514	1 1	7,268,476	126,435	7,564,767	1,025,751	24,466	760	1,069,441	1,069,441	8,634,208	6,955 1,793 2,742	12,815	2,121	2,121	19,999 257	20,256	11,838	11,838	'
		0 t	Legislative Mandates	Federal Educational Block Grant Loans to School Districts	Hart Attendance Project Special Adjustment—Cost-of-Living	Totals, Dept. of Education		Totals, K Thru 12 Education	Digital Educations Community Colleges Apportionments for Community Colleges Partial State Support—Academic Senate	Community Colleges Extended Opportunity Program Gram Disabled Students	Instructional Improvement. Deferred Maintenance and Special Repairs.	Totals, Community Colleges		TOTALS, EDUCATION	OTHER GOVERNMENTAL UNITS Civil and Criminal Justice: Office of Criminal Justice Planning Common Peace Officer Standards & Train Assist to Counties for Defense of Indig Subven for Guardianship Conservator Pro	Totals, Civil and Criminal Justice	Cultural Development: California Arts Council	Totals, Cultural Development	Dept of Industrial Relations	Totals, Labor	Dept of Food and AgricultureFinancial Assistance to Local Fairs	Totals, RegulatoryGeneral Administration:	Board of Control

44,451

74,863

44,838

30,025

15,215

95 95 38,247

47,030

TOTALS, OTHER GOVERNMENTAL UNITS Totals, General Administration

Schedule 3
COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84—Continued

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	Federal		•		• •	•	•	•	• •		1			93	2,00	18	'	•		•	• 1		•	26,762	26,762	•	'	•	1	5,423,797				1	
	Selected Bond funds		•			•	٠	•	•	1	1			•	•	٠.	•	•	. ,	•			1		•	٠	'	٠		304,879				•	' '
Estimated 1983-84	Budget Total		11,000	43,300	336,000	13,000	3.969	464,000	1 9	2 1	1,390,142		6,00 9,00	'	•	• •	19,000	967,000	\$ \$ \$	243,300	17,110	-	3,451	1,106,001	1,106,001	75,112	75,112	-40,000	-40,000	2,531,255				•	
	Speccial funds		•			•	•	1	• •	•	, '		2,00 2 ,000	'			19,000	67,000	onine	243,300	17,110	2011	3,451	1,105,601	1,105,601	\$9	\$9	٠		1,105,666				٠	' ' ' '
	General Fund		11,000	43,300	336,000	13,000	3.969	464,000	1 5	2 '	1,390,142		1 1	1	1	1 1	1	•	. 6	'	1 1	1 1	•	400	400	75,047	75,047	-40,000	-40,000	1,425,589				•	' '
	Federal Fund		1				ı	ı		1 1	'			429	18,931	000,4	1	ı	1 1				1	23,588	23,588	1		•		23,588 5,613,413				ı	
	Selected F Bond funds		1		1 1	•	ı	1		1 1	' 		1 1	1	ł				1 1	•	1 1		1		'	1	' '	1		262,946				١	 ' '
Estimated 1982-83	Budget S. Total Bot		11,500	4,500 200,44	303,625	13,000	2.497	456,000	1 %	-654	1,370,897		2,000 580	. "			27,200	457,000	400	203,850	131,230	10,000	2,651	1,020,651	1,020,651	1	'	-30,000	-30,000	2,361,548				3,622	3,622
Estimat	Special I		1	1 1		1	ı	1	1 1		'		2,000 580	†	•	1 1	27,200	457,000	07,10	203,850	131,230	1	2,651	1,010,251	1,010,251	1	' '	•		1,010,251				3,622	3,622
	General S Fund		11,500	4,300 200,4	303,625	13,000	2.497	456,000	1 %	-654	1,370,897		1 1	1		l 1	1		- 00	'	1 1	10,000	'	10,400	10,400	1	' '	-30,000	-30,000	1,351,297				1	
,	Federal G		1			1	ı	1			 		1 1	427	41,095	3,853	1	ı	1 1		1 1		1	45,599	45,599	1	'	•		45,599				1	 ' '
	Selected Fe Bond funds F		1	ı ı	1 1	1	ı	1	1				1 -1	1	1		ı	1	1 1						1	1	'	1	'	166,025				ı	' ' ' '
Actual 1981-82	Budget S. Total Box		14,612	5,590 47,651	114 066	13,713	4.616	424,713	1 25	-9,854	1,302,341		10,187	'	1		11,871	542,965	404	167,275	13,746	100,1001	1,839	997,398	861,198	1	'	1		2,299,739				12,305	12,305
Actual	Special L funds		1	1 1		1	1	1	1		! ' 		10,187 516	'	ı	I I	11,871	542,965	01,000	167,275	13,746	100,001	1,839	996,994	966'966	1	 - 	1		996,994				12,305	12,305
	General S _l		14,612	5,596 47,651	114,066	13,713	4.616	424,713	1 3	-9,854	1,302,341		1 1	1	ı	I 1	1	t	1 2	i 1			1	404	\$	1	1	1		1,302,745 17,184,504 =				1	
	0	OTHER GOVERNMENTAL SERVICES	Senior Citizens Property Tax Assistance	Senior Citizens Property Tax Deferral Program Senior Citizens Renters' Tax Assistance	Personal Property Tax Relief	Subventions for Open Space	Payment to Local Government Sales Property Tax Revenue Loca	Renters' Tax Relief	Alternate Eoergy Tax Credit Refund	Prop 13 Fiscal Relief Local Govt		Kevenue Distributions Shared Revenues:	Apportionment Hwy Prop Rental Receipts Apportionment Off Highway License Fees	Apportionment Fed Receipts Flood Cootro	Apportionment Fed Receipts Forest Res	Apportionment Fed Potash Lease Rentals	Apportionment of Trailer Coach Fees	Apportionment Motor Vehicle License Fee	Apportionment Cigarette Lax	Apportionment for County Roads	Apportionment for City Streets	Apportionment of Local Agency Reimburse	Apportionment of Geothermal Res Develop	Totals, Shared Revenues	Totals, Reveoue Distributions	Unclassified: State Mandated Local Programs	Totals, Unclassified	Savings: Estimated Unidentifiable Savings	Totals, Savings	. "	CAPITAL OUTLAY	THE STATE WINDIGHT AND EXECUTIVE	Legislative	Legislature: Joint Expenses	Totals, Legislative

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84—*Continued* Schedule 3

(Figures in thousands)

	Federal Funds	'				1.1		11	504,270	504,270	504,270			1,013	"]	•
	Selected Bond funds	1	, ,			1.1	•	' '	1.1	' '	•	1 1 1 84	26,687		244,500	244,500
Estimated 1983-84	Budget Total	695	G '	'	\$69	21	5,241	3,512	201,521	212,132	212,132	434 2,300 1,134 2,678	12,181	783 6,435 1,671 -26 8,863	14,793	15,866
٠,	Special funds	569	c69 '		569	51	5,241	3,512	3,529	212,132	212,132	434 2,300 1,134 2,678	12,181 2,397 21,124	783 6,435 1,671 -26 8,863	14,793	15,866
	General Fund		•			1.1	ı			·	•	11111			* 1	•
	Foderal Fund	, 	1	' '	'	1.1	1		436,517	436,517	436,517	11111	2,649	46 -321 -273	' '	•
	Selected Bond funds	'	ı	' '	'	1 1	ı	' '	1.1	' '	1	4,212 689	6,914 137,138 3,794 3,765 156,512		149,276	149,276
Estimated 1982-83	Budget S Total Bo	1	i	' '	3,622	7,232	11,419	2,518	192,523	3,035	202,379	369 602 4,744 5,555	195 62,154 5,089 21,853	337 4,765 9,523 - 34 14,591	19,132	20,983
Estima	Special funds	'	ı	' '	3,622	7,232	11,419	2,518	192,523	3,035	202,379	369 429 4,567 5,555	195 62,154 5,089 21,853	337 4,765 9,523 - 34 14,591	19,132	20,983
	General Fund	'	1	` ' '	'	1 1	ı		1 1	' 	1	. 113	380		111	t
	Federal G Fund	'	ı	' ' '		1 1	ı		264,425	264,425	264,425	1111	253	103	' '	1
	Selected F. Bond funds	' 	1	' '	'	1 1	ı		1 1	' '	ı	3,675 493	1,086 46,381 205 - -		' '	1
Actual 1981-82	1 49	350	350	6 6	12,674	378	4,165	573 5712	81,940 774	83,620	83,620	291 439 4,220 2,179	20,911	344 15,376 444 145 16,309	19,726	22,188
Actual	Special funds	350	350	2 2	12,674	378	4,489	573	81,940 774	83,620	83,620	291 336 3,503 2,179	20,912	14,159 14,159 145 145 15,092	11,428	13,890
	General .	1	1	<u>'</u>		1 1	-324	-324	1 1	' '	'	103 717	726	712,1	8,298	8,298
		Judicial: Judiciary	Totals, Judicial	State Board of Equalization	TOTALS, LEGISLATIVE, JUDICIAL, AND EX- ECUTIVE	STATE AND CONSUMER SERVICES Museum of Science and Industry	Dept of General Services Denartment of Veterans Affairs	Veterans' Home of California	BUSINESS, TRANSPORTATION, AND HOUSING Transportation Dept of Transportation ————————————————————————————————————	Department of Motor Vehicles	TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	RESOURCES California Conservation Corps Dept of Forestry Dept of Fish and Game Wildlife Conservation Board Wildlife Conservation Board Dept of Braine & Western	State Coastal Conservancy State Coastal Conservancy Dept of Parks and Recreation State Mountial Conservancy Department of Water Resources TOTALS & PREMIDERS	HEALTH AND WELFARE Dept of Health Services Dept of Mental Health Dept of Mental Health Employment Development Dept TOTALS, HEALTH AND WELFARE	YOUTH AND ADULT CORRECTIONAL AGENCY Dept of Corrections Dept of Youth Authority	TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FIND FUND FUND FUND FIND FUND FISCAL YEARS 1981–82, 1982–83, AND 1983–84—Continued

	Federal Funds	.,.,		1	1	10,881	1	316,168	T	11,063,713 5,123,723 5,423,797 5,423,797 6,939,196 (2,442,023) 2,126,519
	Selected Bond funds	। । । ह	35	T		11	Ï	271,708	Ť	383,447 8,882 304,879 271,776 271,706 271,965
Estimated 1983-84		7,654 10,345 197 8,119	26,315	1 1	232	532	2,116	296,687	10,800	-200,000 -200,000 -189,200 -189,200 -296,687 -189,200 -18
	Special funds	7,654 10,345 197 8,119	26,315	4 4	232	532	2,116	2,116	10,800	10,800 1,708,408 1,708,408 1,708,408 2,96,697 1,123,848 (34,320) 8,970,584 -7,118,739
	General Fund	1111		1 1						-200,000 -200,000 -200,000 11,676,963 4,856,223 1,734,431 (5,593) 9,774
	Federal Fund	1111		111	174	11,765		450,830	· [11.850.946 5.786.703 5.786.703 5.687.3413 4.587.384 (3,172,950) 2,163,562
	Selected Bond funds	506	1,000	1 1		' '	493	493	' '	259,814 25,987 26,296 307,281 266,274 266,274 266,274
Estimated 1982–83	Budget Total B	15,088 18,525 10 8,725	42,348	1	150 621 177	295	666'1	$\begin{array}{r} -17,108 \\ -17,108 \\ \hline -15,109 \\ \hline 391,610 \\ \end{array}$	9,440	9,440 23,610,723 6,337,421 18,872,254 9,440 23,873,129 1,385,941 2,385,941 2,485,941 2,4444 -912,829
	Special funds	15,088 18,525 10 8,725	42,348	1	150 621 177	295	200	-17,108 -17,108 -16,908 389,461	9,440	9,440 3,553,793 1,639,870 1,639,870 1,515,024 399,461 2,100,834 (16,130) 2,381,809 -928,848
	General Fund	1 1 1 1					66,1	1,799		22,056,930 4,697,231 17,337,230 2,149 21,772,295 (2,740) 4,132 264,484 16,019
	Foderal Fund	1111				14,072	111		1	10363,203 1036414 5,586,414 278,318 8,864,132 (2,629,293) (2,629,293)
	Selected Bond funds	4,009	4,658	"	1 1 1	" "	"	56,497	' '	230,225 7,703 1,6,025 56,497 116,389 88,979
Actual 1981-82	Budget Total E	8,012 16,896 79 3,100	28,087	8 8	516 40 556	201	279	2779	8,123	8,123 8,123 8,944,589 8,944,589 18,606,815 221,812 23,110,824 (5,474) 2,348,308 2,348,308 2,348,308
	Special funds	8,012 16,896 79 3,100	28,087	8 8	516 40 556	201	279	279	8,123	8,123 3,098,557 1,452,047 1,452,047 211,076 8,123 1,739,754 (5,474) 2,325,396 -966,593
	General Fund	1111		1 1	1 1 1		1 1	- 10,736	1	21,371,070 21,371,070 21,371,070 21,31,614,81,81
		EDUCATION Higher Education University of California	Totals, Higher EducationTOTALS, EDUCATION	OTHER GOVERNMENTAL UNITS Labor: Dept of Industrial Relations	Auguston; Exposition and Fairs	Military Department	OTHER GOVERNMENTAL SERVICES Unallocated: Unalcosted Capital Outlay	Totals, Savings TOTALS, OTHER GOVERNMENTAL SERVICES TOTALS, CAPITAL OUTLAY	UNCLASSIFIED RESOURCES Dept of Boating & Waterways	NOT CLASSIFIED BY AGENCY Effect of Private Sector Task Force Efficiencies and Economies TOTALS, NOT CLASSIFIED BY AGENCY TOTALS, UNCLASSIFIED TOTAL Sale Operations Local Assistanc Capital Outlay Unclassified Unclassified Unclassified Unclassified TALS BUDGET ACT TOTALS BUDGET ACT TIEMS NOT INCLUDED IN TOTALS TALS CONSTITUTIONAL APPROPRIATIONS CONSTITUTIONAL APPROPRIATIONS OTHER APPROPRIATIONS

Schedule 4
SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1981, 1982, 1983, AND 1984
(In thousands)

Reserve June 34, 1984 53,470 650,000 150,000 4,817	25	\$\$'	424	181 3,920 1,931 1,938 1,938 1,938	39 1288 100 100 145 18232
Transfers Between Funds	•		-2,292		733
Estimated Expenditures 1983-84 \$21,676,965	1,883	2018	923 6,295 2,096 4,500 4,500 14,2 14,2 21,200	6,246 877 - 13 - 13 8,238 1,177 38,438	20,617 2,131 2,131 3,098 11,500 11,500 13,920 13,420 13,420 13,420 16,010
Estimated Income 1983-84 S22,479,363	1,850	2,079	1,000 6,295 2,005 4,500 - 142 23,000	27 6,536 877 - - - 8,627 1,100 38,208	20,000 20,000 2,114 2,114 3,043 11,600 18,400 18,400 18,400 31,950
Reserves Supe 34, 1983 S5,889	457	∞ <u>65</u> 1	32 	154 3,610 23 23 2,002 1,015 2,30	39 1,825 138 89 89 160
Transfers Between Funds J \$1,456,747 -	1	1 1 1	11111111		111111 1118
Estimated Expenditures 1982-83 \$22,056,930	1,790	1,870	970 6,179 1,500 4,234 31,302 23 43 17,266	5.827 828 828 8.893 2,000 746 7,393 1,134 48,410	28,645 2,036 2,934 10,000 14 648 648 648
Estimated Income 1982-83 \$20,489,651	1,700	1,626	1,000 6,751 1,500 4,159 30,970 7 4 1,500	27 -390 6,038 410 -2,000 6,628 1,100 54,723 -42,000	21,000 21,000 1,083 1,083 7,775 15 648 648
Reserves fune 30, 1982 - \$118,417 177,053 \$1,785	35	252	2 - 572 - 572 - 499 - 23 - 23 - 44,566	127 3399 3,399 4,18 8,916 4,000 2,574 2,767 1,049 3,515	40 9,470 1,125 1,960 2,225 1,225
Translers Between Funds \$111,450 a		1 1 1	1111111	43,830 1,500 1,500	(F)
Actual Expenditures 1981-82 \$21,692,782	1,789	1,311	269 2,785 2,856 3,267 29,971 1,734 4,816	3,766 1,060 1,000 1,003 1,003 1,131 72,120	913
Actual Income 1981–82 \$20,960,348	1,868	8 6 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	257 2,001 2,001 2,001 2,960 31,096 1,096 1,096	-24(300) -277 1,297 	22.789 22.789 1,125 1,960 2,068
Reserves S137,405	898	34 98 597	14 192 230 230 806 1,499 1,757 49,30	100 390 2,777 1,287 1,588 1,477 1,588 1,600 1,59,420	28 <u>61</u>
Flud GENERAL FUND	SPECIAL FUNDS General Fund Special Accounts: Property Acquistion Law Money Account	Motor Velicle Parking Facilities Moneys Account	Attorney Geacral Anti Trust Account	Furn Labor Contractors' Special Account	Reareable Resource Energy Agricultural Account Seismic Gas Valve Certification Account

Schedule 4
SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1981, 1982, 1983, and 1984—Continued (In thousands)

	Sate Transportation Fund: Actorautics Account	Motor Velicle Account	Bicycle Late Account	Transportation Tax Punds: Motor Vehicle Puel Account:	Highway Users' Tax Accounts	Motor Vehicle License Fee Account	record Fluxes: Cigarita Fluxida: Other Governmental Cost Fluxids: Abandozed Vehicle Trust Fluxid	Ethanol Fuel Revolving Account Air Pollution Control Fund Actionic Beverage Control Appeals Fund Araimsl Health Technician Examining Committee Fund Araimsl Health Technician Examining Committee Fund Araimslecture Public Building Fund, School Building Program Account Architecture Public Building Fund, Hospital Building Program Account Assembly Contingent Fund	Automotive Repair Fund. A WOL Abstencert Program Fund. Bagges Conservation Fund Sate Banking Fund California Environmental License Pate Fund. California Health Facilities Commission Fund California Weiter Fund.	Capital Outlay Fund for Public Higher Education	Chiropractic Estaminers Fund	Contingent Funds of the Assembly and Squate,
Reserves June 30, 1981	5,200 {	13,115	36,556	11,540		39,281	14,114 2,261 23,976	1,930 1,983 77 880 2,082 407	519 2,056 3,264 5,425 5,425 4,004	48,525	52 181 261	905'61
Actual Income E 1981-82	$\begin{array}{c} 817 \\ -2,700 \\ 127,370 \\ -30 \end{array}$	634,355	225 171,770} -35,273 485 10,113	836,706	•	-131,273 -131,573	236 236 131 27,661	222 861 63 1,735 3,104	5,168 - 5,766 11,000 2,714 26,567}	-84,887 -84,887	\$ 1 \$ 22 <u>5</u>	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
Actual Expenditure 1981-82	7,191	497,064	171,849 {	13,135	347,728	568,687	81,888 323 187 29,859 {	421 66 1,609 1,904 43,732	4,946 4,946 1,776 5,865 12,979 2,635 23,302	48,183	- 212 - 823 - 230 - 213	27,231 -13,835}
Transfers Between Funds	4,402 -3,944 -133 456,636	105,000 -105,000 4,000 16,939	E8 48 1 1	-4,122 -806,224 -7,715 -4,402	806,224 -456,636 -360 -1,500	-16,939	-2,174 -174 -18	909'1	1 1 1 1 1 1 1	6,800	- 6,943] 28 	\$653 653
Reserves June 30, 1982	498	68,446	100 8,178 127,7 10,113	13,644	•	83,211	14,744	1,731 1,901 1,006 1,006 3,276 1,384	741 280 3,165 3,446 285 5,059 5,059	1,975	185	8,070
Estimated Income 1982–83	1,065 313,179 -2,700	572,891	250 166,720] -16,216 620 19,973	903,750	•	755,000	80,500 351 29,291	195 218 286 72 4270 -	6,629 5,824 12,331 1,523 1,523 95,080)	71,133	£ , 2 ,	98
Estimated Especialisme 1982-83	6,009	\$51,155	704 165,212 { 2,459 10,998	14,916	439,620	495,580	81,200 323 33,570	988 1,441 5.7 5.7 988 3,817 44,731	280 280 6293 9,974 13,308	947,27	513 578	19,501 -14,033
Transfers Between Funds	4,765 1,600 428,520 94,364	4,182	360,7	-4,141 -870,000 -8,700 -4,765	870,000 -428,520 -360 -1,500	•	1 1414	111111		•	1111	069
Reserves June 30, 1983	289		5,884 19,088	278,61	'	81,631	14,044 230 25,744	938 678 286 115 115 893 3,729 84	1,919 2,696 1,651 808 808 179	339	8 37	4,102
Estimated Income 1983-84	1,025	600,092	240 171,140 -41,780 25220 20,220	1,140,150	'	000'008-	79,500 320 31,477	130 1218 2112 286 5927 -	6,724 2 2 2 14,038 14,627 3,700 3,700	\$6,715	8 , 32 ,	1
Estimated Expenditures 1983-84	6233	\$65,407	103,968 103,968 5,764 20,731	16,339	533,510	530,256	80,000 426 35,198	1,068 1,896 498 70 1,075 1,075 4,792 2,792 3,792	1,752 601 1,056 1,053 1,653 1,	57,074	280 - 280 -	{ 16,758 } -16,558 }
Truster Berneu Flands	5,260] -8,010 369,630 22,000]	4,462	8,010 30 30 1	-4.296 -5.260 -1,105,000 -9,800	1,105,000 - 569,630 - 360 - 1,500	•	4,296		-4,462	•	1111	•
Roene June 30, 1984	311	21,147	5 502,10 877 872,311	13,327	•	STE,08	13,544 124 26,319	1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	2,632 2,433 500 313		支 ' 盎 '	3,902

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1981, 1982, 1983, and 1984—Continued (In thousands) Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1981, 1982, 1983, and 1984—Continued (In thousands) Schedule 4

Reserve June 30, 1984	552 3,072 5,772 5,775 1,470 3,909	8\$ <u>2648883352</u> 82328	3,065	271 183 932 833	2,577 304 5,974 1,752	-66,194 -457 -650 -200 -2,584 12,608 \$502,658 \$1,310,943
Transfer Berneu Fluids			11 1	1,500	355	
Estimated Expenditures 1983-84	16,131 2,337 1,863 824 624 1,395 10,925	288 2853 2853 1825 1927 1928 1928 1938 1938 1938 1938 1938 1938 1938 193	896 30,819 -28,982 -85	160 28 435 41,058	2,478 2,478 13,209 26,361 4,461	66,194 - 100 1,500 - 12,608 - 13,475,693 - 13,475,693
Estimated Income 1983-84	18,917 1,546 1,577 1,573 24,3 4,35 9,800	1,751 1,	% ' '	6,32 26,04 2	1,550 6,109 11,749 26,435 1,164	83,546,157 256,025,520
Reeres June 30, 1983	4,106 3,469 1,010 1,160 211 1,713 6 5,034	88 88 88 85 E E E E E E E E E E E E E E	£90,4 85	8 22 58 18 22 58	52 1,946 1,88 1,678 1,678	-457 -650 -100 -1,084 432,194
Transfers Between Funds	1 1 1 1 1 1 9	1 1 1 1 1 1 8 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1	1,500	' '000 ' ' 800 ' '	-630
Estimated Expenditure 1982-83	15,582 2,379 1,696 797 476 1,281 282 10,411	255 274 274 274 274 274 175 175 175 175 175 175 175 175 175 175	29,351 -27,602 -5,241	152, 28 27,149 57,149	1,547 4,540 314 12,360 17,104 3,424	457 100 1,084 83,533,793 \$23,610,723
Estimated Income 1982-63	16,737 2,288 1,414 1,198 347 1,982 132 9,815	13.65 1.23 1.23 1.23 1.23 1.23 1.23 1.23 1.23	ጀ _' מ	59 , 27 , 419 , 19,417 , - 315	1,200 4,873 9 12,770 15,248 1,851	53,278,580 3
Reserves June 30, 1982	2,951 3,560 1,292 1,592 3,40 1,012 1,56 5,746	2,300 2,300	6,651	301 13 36,655	399 1,613 1,613 4,824 3,534 4,870	\$107,058 \$823,479
Transfers Between Flunds	-133	- 1-63 <u>8</u>	1,405	1,500	300	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Actual Expenditure 1981-82	14,743 1,365 1,365 616 626 4,50 1,003 1,203 1,204	207 207 207 207 207 207 207 207 207 207	29,654 29,654 -29,333 -13,061	127 362 362 24,862	1,318 3,404 107 11,895 15,020 1,277	53,098,540
Actual Income 1981–82	10,204 1,174 1,495 230 235 265 8,093	412 3,005 1,365 1,177 1,777 1,777 1,715 1,	-252,800 910 - - 29	208 28 42,296 - 52,269	974 3,989 - 8,009 15,362 1,090	\$2,640,535 \$23,600,883
Reserves June 30, 1981	7,490 4,269 1,162 1,145 431 1,810 4,346 7,346	288 2 288 2 288 2 288 2 2 2 2 2 2 2 2 2	5,567 1,835	220 138 1188 81,668	745 1,028 - 8,784 3,192 5,057	51,165,083
Pund	Contractory' Liceuse Fund Board of Coometology Contingent Fund Dentistry Fund Funct Unrectory and Emblurery Fund Functal Directory and Emblurery Fund Burea of Monte Functibutery Fund Board of Landscape Architects' Fund Contingent Fund of the Board of Medical Quality Assurance	Physical Therapy Fund Contiguent Fund Fund Fund Fund Fund Fund Fund Fund	School Building Safety Fund	Speech Pathology and Audicology Examining Committee Fund	Strong Motion Instrumentation Special Fund	UNSPECIFIED SPECIAL FUNDS: Augmentation for Engloyee Compension Augmentation for Pitch increase Joint Legislative Expense—Recovery of Audit Costs Payment of Specified Attorney Fess Reserve for Confugeracies and Energencies Unalizated Reductous—Various Departments TOTALS, SPECIAL FUNDS ** GRAND TOTALS

^{*} Contingent receivable pursuant to Chapter 115, Statutes of 1982, representing employer contributions to the Public Employees' Retirement System (PERS) is currently held in the State Payroll Revolving Fund pending litigation.

**Anticipated legislative actions per Schedule 1.

**Anticipated legislative actions per Schedule 1.

**Amounts included in this schedule for revenues and expenditures may not agree with those shown in Schedules 2 and 3 due to rounding.

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY

		June 30, 1981	1861			June 3	June 30, 1982	
		Š	Due from Surplus Money				Due from Surplus Money	
Fund	Cash •	Securities *	Investment Fund *	Totals .	Cash •	Securities •	Investment Fund *	Totals *
NONGOVERNMENTAL COST FUNDS								
Public Service Enterprise Funds Antioch and Carquinez Straits Bridge Toll Revenue Fund	S	83 468	83 854	\$7.324	5	6.3 468	64 697	C8 163
California Housing Finance Fund	2.590	475,084	103,911	581.585	9 00	475.842	159,093	634.943
California Water Resources Development Bond Fund	101		52,630	52,731	192		87,016	87,208
Camorinia National Guard Members Farm and Home Fund of 19/4		15,480	7,059	22,588 8	7 -	9,983	1,816	11,801
Central Valley Water Project Construction Fund		1	113,000	113,090	136	1	204,454	204,590
Central valicy water Project Revenue Fund	198 4,484	1,255,354	18,240	18,438 1.264.125	6 9 ⊇	1.332.524	22,098	22,267 1,354,018
Harbor Bond Sinking Fund		1 1	28 649	78 982	1,038	1 1	27.352	1,038
India Basin Sinking Fund	<u>동</u>	1	1	105	₹ -		1	1
Health Facility Construction Loan Insurance Fund		1	10,886	10,887		ı	13,447	13,448
San Diego-Coronado Bridge Construction Fund	1 74	1 1	16,149	16,149	- 7	1 1	01/',1 698	,, 1,7
San Francisco-Oakland Bay Bridge Construction Fund	1;	1	1	1	1)	1	1	1
San Francisco-Oakland Bay Bridge Toll Revenue Fund	25	1	989	711	9 5	1	191	17
San Francisco Seawall Sinking Fund No. 3	1 1	ı !		1 1	126	1 1	1 1	156
San Francisco Seawall Sinking Fund No. 4	1-	1	I g	1 6	1 -	1	1 8	1 5
Small Craft Harbor Improvement Fund		1 1	1.204	1.214	- 9	1 1	1.971	1.981
State Coastal Conservancy Fund	4,389	1	1	4,389	2,104	ı	. 1	2,104
State University and Colleges Continuing Education Revenue Fund	S	1	12,324	12,374	25	1	15,284	15,309
serve Fund	17	1	7,767	7,784	21	'	10,099	10,120
State University and Colleges Dormitory Construction Fund	211	1	9,072	9,283	88 6	1	12,001	12,189
State University and Colleges Dormitory Revenue Fund	663	1 1	30,442	31,105	674	1 1	32,646	33,320
State University and Colleges Facilities Revenue Fund		•	231	232		1	259	750
Toll Bridge Authority Revolving Fund	- S	1 1	- '	20,1	→ 1	١ ١	COD'7	500'7
Toll Bridge Construction Fund	70	20,487	24,336	44,825 319.776	en vo	18,543	82,856 231.578	101,404
Uninsured Employers Fund	504	1	' '	504	3,283	1	1	3,283
veterans Debenture Kevenue Fund	1 1	33,912	16,097	50,009 2,405	- 1	33,537	16,566	3,749
Veterans Farm and Home Building Fund of 1943	712	1	280,844	281,556	103	1	293,561	293,664
Vincent Thomas Bridge Construction Fund Vincent Thomas Bridge Toll Patterns Fund		1	483	484	-	1	547	548
The first and the first total revenue fund	-	ı	18/	188	1	ı	151	131

¹ Abolished by Chapter 1053/81. * Dollars in thousands

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

Totale	96, 581 141 152 152 152 153 154 1705 170	18 21,481 3,075 30,265 6,019 2,615 2,943 16,083 2,915 40,165
30, 1982 Due from Surplus Money Investment Frud **	1,417 1,704 1,704 1,704 2,578 2,939 2,939 2,658 4,658	3,075
June 30, I Sur		
480	96,984 142 142 142 1620 1152 1152 1152 1152 1152 1152 1152 11	18 21,481 30,265 6,019 2,618 3,584 2,943 16,083 29,915 40,165
Totale	215,525 212,225 2002 2,155 2,155 2,155 3,008 808 808 808 808 808 3,998 3,998 3,998 3,998 3,998 1,909 1,909 1,909	23,004 5,940 5,940 6,391 7,022 8,415 6,240 6,240 6,681 39,587 17,711
3, 1981 Due from Surplus Money Investment Fund	952 125 125 125 125 125 125 125 125 125 1	5,940
June 30, 198 Du Surplu Inve		
, too	450 215,525 200 2,155 2,155 2,155 3,808 808 808 3,908 3,908 3,908 3,908 3,908 2,613,663 2,613,863 2,613,863 2,613,863	23,004
Port	Working Capital and Revolving Funds Agriculture Building Fund Architecture Revolving Fund Ballot Paper Revolving Fund Ballot Paper Revolving Fund California Industries for the Blind Manufacturing Fund Community College District Organization Revolving Fund Correctional Industries Revolving Fund Contry Formation Revolving Fund Health and Welfare Agency Data Center Revolving Fund Mobilehome Revolving Fund Old Age and Survivors Insurance Revolving Fund Public School District Organization Revolving Fund Revolving Loan Fund Revolving Loan Fund Rehabilitation Revolving Loan Guarantee Fund State Clean Water Grants Administration Revolving Fund State Payroll Revolving Fund State Payroll Revolving Fund State Payroll Revolving Fund State Payroll Revolving Fund State Water Quality Control Fund State Water Quality Control Fund Surplus Money Investment Fund Stephen P. Teale CDC Revolving Fund University of California Teaching Hospital Fund Water Resources Revolving Fund Water Resources Control Board Revolving Fund Water Resources Control Board Revolving Fund Welfare Advance Fund	Bond Funds California Alternative Energy Source Fund California Safe Drinking Water Fund Health Science Facilities Construction Program Fund New Prison Construction Fund Parklands Fund of 1980 Public School Building Loan Fund Recreation & Fish & Wildlife Enhancement Fund State Beach, Park, Recreational and Historical Facilities Fund State Clean Water Fund State Clean Water Fund State Clean Water and Water Conservation Fund State School Building Aid Fund State Clean water and Water Conservation Fund State Clean Water and Water Conservation Fund State Urban, and Coastal Park Fund

² Abolished by Chapter 102/81. * Dollars in thousands

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	Totals *	99,964 20,789,899 12,629,998	3,677 268 8,609 8,609 11,578	20,535 20,535 304 37,363 37,363 25,976 411 10,756 2,959 2,959 2,969 3,025 1,696 6,620 1,696 6,620 1,545 1,128 7,128 7,128 5,621 7,128
30, 1982 Due from Surplus Money	Investment Fund *	1111		15,996 37,352 25,975 25,975 10,755 2,044 3,186 11,846 11,846 11,846 11,846 11,846 11,846 11,846 11,846
June 30	Securities *	139 99,720 20,731,594 12,560,238	111111111111	299,798
	Cash *	40 244 58,305 69,760	3,677 268 8,609 609 11,578 11,641	4,539 304 111 975 141 141 141 155 160 1,696 1,696 1,545 1,54
	Totals .	6,588 44,285 17,934,744 8,882,274	169,117 858 3,440 11,976 - - 239 3,105 16,185 658	432 25,000 86 45,786 98,729 399 22,812 10,532 12,949 3,211 1,949 11,527 11,527 1,960 1
	Investment Fund *	1111	169,117	25,000 45,776 29,728 29,728 1,663 10,074 12,945 10,930 7,667 13,455 13,455 13,455
June 30,	Securities *	5,968 44,033 17,913,662 8,829,053		676
	Cash *	620 252 21,082 53,221	858 3,440 11,976 239 3,105 16,185	432 44 443 86 10 985 10 11 12 12 11 11 11 11 11 11 11
	Fund	Ketirement Funds Judges' Retirement Fund Legislators' Retirement Fund Public Employees' Retirement Fund Teachers' Retirement Fund	Trust and Agency Funds—Federal Federal Revenue Sharing Fund California Traffic Safety Program Fund Public Health Federal Fund Social Welfare Federal Fund Unemployment Administration Fund United States Flood Control Receipts Fund United States Grazing Fees Fund United States Grazing Fees Fund Vocational Education Federal Fund Vocational Rehabilitation Federal Fund Federal Trust Fund Federal Trust Fund Federal Trust Fund	Assessment Fund Assessment Fund Assessment Fund California Health Facilities Authority Fund County Health Services Fund County Health Services Fund California Public Broadcasting Fund California Public Broadcasting Fund Condemnation Deposits Fund Condemnation Deposits Fund Condemnation Deposits Fund Health Care Deposit Fund Health Care Deposit Fund Industrial Relations Unpaid Wage Fund Deferred Compensation Plan Fund Housing Rehabilitation Insurance Fund Interstate Collection Incentive Fund Local Agency Investment Fund Local Agency Investment Fund Local Agency Emergency Loan Fund Local Agency Emergency Loan Fund Folution Control Financing Authority Fund Folution Control Financing Authority Fund Local Agency Indebtedness Fund County Jail Capital Expenditure Fund Local Agency Indebtedness Fund County Jail Capital Expenditure Fund Local Agency Indebtedness Fund County Jail Capital Expenditure Fund Local Agency Indebtedness Fund Local Agency Indebtedness Fund Local Agency Indebtedness Fund County Jail Capital Expenditure Fund Local Agency Indebtedness Fund Local Agency Indebtedness Fund Local Agency Code Enforcement and Rehabilitation Local Agency Indebtedness Fund Local Agen

Schedule 5

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

		June 30, 1981	1861			June	Tune 30, 1982	
		S	Due from Surplus Money				Due from Surplus Money	
Fund	Cash *	Securities *	Investment Fund *	Totals .	Cash •	Securities *	Investment Fund *	Totals .
Special Deposit Fund	44,227	22	51,713	95,962	20,846	22	127,782	148,650
State Child Nutrition Fund	139	1 1	۱ ۳۰	139	<u>∓</u> -	1 1	1 4	<u> </u>
California State University and Colleges Special Project Fund	8	1 1	. 3	651		1 1	588	595
California State University and Colleges Trust Fund	9	1	9,058	890'6	9	ı	7,450	7,460
State Employees Contingency Reserve Fund	l w	4.492	1 1	4.497	1 1	6.687	1 1	6.687
State Guaranteed Loan Reserve Fund	36		12,783	12,819	52	1	27,643	27,695
State Park Contingent Fund	175	1	8	275	212	1	9	312
Student Loan Authority Fund	1 67 67	1	1	1 60	3333	1	•	1,203
State Instructional Materials Fund	43,422	1	1	43,422	41,293	1	•	41,293
Support Enforcement Incentive Fund) () ()		1 1	000	0,000	1	1	CC0'C
Tax-Deeded Land Rental Trust Fund	-	1	ı	_	1	1	1	•
State School Building Lease-Purchase Fund	175.882	1	1	175.882	6.049	1	1	6.049
Student Tuition Recovery Fund	4	1	1	14	22	1	•	22
State School Deferred Maintenance Fund	48.513	1	1	48.513	1.544	1	1	1.545
Volunteer Firefighters Length of Service Award Fund		220	1	222	S	211	1	216
Teacher Tax Shelter Annuity Fund	21	20,887	1	20,908	21	14,123	•	14,144
Timber Tax Fund		1	187	187	-	1	1 3	-
Trees Additional Find	1 9	1	88	68;	1	1	10	= 3
Ifallic Adjudication Fund	25	1 007	1000	35	24.5 C 55.5	763	1 600	845
Undamed Floperty Fund	2 25	670	12,949	14,142	36	979	10,042	1/,106
Urban Housing Development Loan Fund	2,142	1 1	1,581	1,582	1,0	1 1	1,599	009'1
TOTALS, NONGOVERNMENTAL COST FUNDS	\$3,958,675	\$28,854,133	- \$893,520	\$31,919,288	\$3,830,608	\$35,588,860	-\$829,267	\$38,590,201
GOVERNMENTAL COST FUNDS	633 740			072 240	22 627			27 027
Transportation Funds	676	1 1	603,081	603,757	13,661	1 1	620,394	634,055
CHAIN DATA ANDRE	400,400	ı	450,439	749,523	433,4/1	•	6/8,007	# C'##O
OIHER BALANCES Agency Bank Accounts	227 375	1		277 275	221 768	1	1	221 768
Uncleared Collections	313	1	1	313	1.118	1		1.118
Outstanding Warrants	640,118	1	1	640,118	433,592	1	1	433,592
Pooled Money Investment Account	11,080	4 704 104	1 1	11,000	110,00	1 966 959	1 1	110,00
Time Deposits in Banks	-1,475,810	1,475,810	1	1	-1,144,560	1,144,560	-	•
TOTALS 1	-\$48,247	\$35,034,047	'	\$34,985,800	-\$106,953	\$40,700,379	•	\$40,593,426

¹ Totals for June 30, 1981, differ from those shown in the Governor's Budget 1982-83 due to addition of balances held by Fiscal Agents. * Dollars in thousands

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1981–82, 1982–83, AND 1983–84
(In Thousands of Dollars) Schedule 6

Total	343,039 343,039 343,039		\$	20,819	16,758	792	514	1	1		1	ı
Estimated 1983-84 Special funds	11.			44,792	16,738	1	•	,			•	•
General Fund	343,039 343,039 343,039				•	792	514	ı	ı	1 1	•	•
Total	264,484 264,484 264,484			27,946 43,124	15,319	720	488	428	314	1,790	193	91
Estimated 1982–83 Special funds	131-1			27,946	15,319	1	1	428	314	1,790	193	91
General Fund	264,484 264,484 264,489			1 1	1	720	488	ı	ı	1 1	l	ı
Total	218,186 218,186 218,186			29,654	14,926	099	384	458	107	1,789	211	1
Actual 1981–82 Special funds	1 1 1			29,654	14,926	i	ı	458	107	1,789	211	1
General Fund	218,186			1 1		999	384			11	ı	
Purpose and Legal Citation AUTHORIZED BY CONSTITUTION	STATE OPERATIONS OTHER GOVERNMENTAL SERVICES Debt Service Bond Interest & Redemption TOTALS, CONSTITUTIONAL REQUIREMENT Totals, State Operations	AUTHORIZED BY STATUTES STATE OPERATIONS	LEGISLATIVE, JUDICIAL, AND EXECUTIVE Legislative Legislature Senate Senate	Government Code Section 9129	Joint Expenses Item 10.1, Budget Act of 1967	Contributions to Legislator Retire Fund Government Code Section 9358	Judicial Contributions to Judges Retirement Fund Government Code Section 75101 Executive/Governor	Office of Emergency Services Office of Emergency Services Government Code Section 8610.5	STATE AND CONSUMER SERVICES Department of Consumer Affairs Certified Shorthand Reporters Board Business & Professions Con- Section 8030.2	Dept of General Services Government Code Section 15863	Government Code Section 4454, Access for the Handicapped	19183

Schedule 6
COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1981–82, 1982–83, AND 1983–84—Continued
(In Thousands of Dollars)

13-61	ts Total		•			•	•	•		1	•	2,588	•		• •	1		• 1	8:
Estimated 1983-84	Special funds		1	1 1	1 1	•	1	•	1 1	•	•	2,588	1	,	11	,		1 1	1
	General Fund		•	1.1	1.1	ı	1	1	11	1	1	1	1	1	1.1	•		1.1	8
	Total		×	1.1	24 659	1,543	1	2,091	2,000	6,355	2,539	3,367	5,241	3,817	1.1	1		475	66
Estimated 1982-83	Special funds		×	1.1	24 659	1,543	1	2,091	2,000	6,355	2,539	3,367	1	3,817	1 1	1		1 1	ı
	General Fund		1	1.1	1.1	1	ı	1	1 1	ı	1	1	5,241	1	1 1	1		475	86
	Total		15	1,448	4 5	1	813	969'1	1-1	360	1	740	13,359	1,904	2,785	6\$9		200	197
Actual 1981–82	Special funds		15	1,448	4 E	1	813	1,696	1 1	360	1	740	1	1,904	2,785	689		1 1	1
	General Fund		1	1 1	1 1	1	ı	1	1.1	ı	ı	1	13,359	1	1 1	ı		200	197
	Purpose and Legal Citation	BUSINESS, TRANSPORTATION, AND HOUSING	State Banking Department Government Code Section 5366.7	Dept of Housing & Community Development Health & Safety Code Section 18078.6 Health & Safety Code Section 18502.5	I ransportation Dept of Transportation Dept of Transportation Streets & Highways Code Section 2372 Streets & Highways Code Section 2542	RESOURCES St Assist Fd Energy Ca Bus Industry Dev Financial Code Section 32811	Energy Resources Conservation & Lev Com Public Resources Code Sec 25804 (b)	Schools & Hospitals		Public Resources Code Section 25637, Agriculture & Forestry	Fuone Resources Core section 2027, Afternative Fuels	Public Resources Code Section 3825, Transfer to Renewable Resources Inv.	Government Code Section 68030	HEALTH AND WELFARE Office Statewide Health Planning—Develop Health & Safety Code Section 15012	Health & Safety Code Section 25174	Employment Development Dept. Unemployment Insured Code Section 1886	EDUCATION K Thu 12 Education Department of Education	Section 19632(b), Voc Ed Student Org Chapter 894, Statutes of 1977	Training

Schedule 6

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1981–82, 1982–83, AND 1983–84—Continued (In Thousands of Dollars)

	Total				565		•	1,900	•	•		1	Ŷ			•		• •	1		1,716			6,025	•		80'8
Estimated 1983-84	Special funds		ı		265			•	•	•		•	ı			•		1 1	ı		1,716			ı			000's
	General Fund		1			1 1		1,900	1	t		•	9			1		• •	•		ı			6,025	•		•
	Total		1,500		592	85	1,088	1,845	7.7	±		8,100	Ŷ			1,800		750 2,240	19,849		•			5,648	9		8,000
Estimated 1982-83	Special funds		1,500		265	200	1,088	1	7.2	1		ı	i			1,800		750 2,240	19,849		•			•	400		8,000
	General Fund		ı		ı	ı	1 1	1,845	1	41		8,100	9			1		1 1			ı			5,648			•
	Total		2,856		592	98	694	1,765	1	1			9			204		750 231	23,206		1			5,548	602		9,151
Actual 1981-82	Special funds		2,856		365	98	949 469	1	1	1		1	ı			204		23 23 23	23,206		ı			1	602		9,151
	General Fund		ı		1	1	ŧ I	1,765	1	1		1	9-			ı		1 1	t		1			5,548	•		1
	Purpose and Legal Citation	OTHER GOVERNMENTAL UNITS Labor Warkers Compensation Benefits	Subsequent İnjurica Labor Code Sectinn 4706.5 (e)	Kegulatory California Exposition and Fairs	Section 1962	Dept in frood and Agriculture Food & Agriculture Code Section 224(1)	Food & Agriculture Code Section 224(2) Food & Agriculture Code Section 505	Fair Pulitical Practices Commission Government Code Section 83122	Public Utilities Commission Public Utilities Code Section 4906	General Administration Military Department Military & Veterans Code Section 431	ò	Payment of Interest an Gen Fund Loans Fovernment Code Section 17271	Unclassified Warking Capital Advances Government Code Section 18707	CAPITAL OUTLAY	BUSINESS, TRANSPORTATION, AND HOUSING	Dept of Transportation Streets & Highways Code Section 2542	RESOURCES Wildlife Conservation Board	Section 19622(a)	Department of Water Resources Water Code Section 12938	OTHER GOVERNMENTAL SERVICES Unallocated The located Codes	Covernment Code Section 16352	LOCAL ASSISTANCE	LEGISLATIVE, IUDICIAL, AND EXECUTIVE	Contributions to Judges Retirement Fund Government Code Section 75101	Executive University Office all Emergency Services Grivenment Code Section 8610.5	Natural Disaster Assistance Government Onle Sections 8690.2	8690.4 & 8690.5

Schedule 6

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1981-82, 1982-83, AND 1983-84—Continued (In Thousands of Dollars)

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		Actual 1981-82			Estimated 1982-83			Fetimeted 1081.84	
Purpose and Legal Citation	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
BUSINESS, TRANSPORTATION, AND HOUSING Transportation Dept of Transportation									
Public Utilities Code Section 21680	1.1	4,614 590	4,614 590	1-1	2,995	2,995		3,225	32.
RESOURCES Energy Resources Conservation & Dev Com Public Resources Code Section 3822, Grants to Locals	1	338	338	•	1		ı		
EDUCATION K Thu 12 Education Department of Educatioo Education Code Section 14002	ı	ı	ı	1	•	•	•	6,813,811	6,813,81
School Fachutes Aid Program Education Code Section 1780	65,635	93,692	159,327	000'59	12,496	77,496	81,289	•	81,28
Capital Outlay	1 1	1 1	1 1	1 1	47,200 52,800	47,200 52,800	3 1		
Debt Service Public Sch Building Bonds Education Code Section 16080	1	1,593	1,593	ı	1,619	1,619	1	1,651	1,65
Education Code Sections 13903, 16403, 16504, 16604, 16804, 17006, Et Al	-65,635	ı	-65,635	-83,892	ı	-83,892	-81,289	1	-81,28
Higher Education Bd Governors of Cal Comm Colleges Bd Governors of Cal Comm Colleges Article 9, Sec 6, Education Code Part 30, Chapter 4.5, & Ch 323/76 Education Code Section 12320	1.1	1,044,147	1,044,147	1.1	1,063,906	1,063,906		925,423 3,900	925,42 3,90
OTHER GOVERNMENTAL UNITS Civil and Criminal Justice Office of Criminal Justice Planning Parie Crete Service 115th Part 4	1	405	405	ı	,	ı	,		
Regulatory Dept of Food and Agriculture Food & Agriculture Code Section 12112		2,5		ı	æ	32	1	1	
Food & Agriculture Code Section 1239 Food & Agriculture Code Section 1284 Food & Agriculture Code Section 224(3)		3,880 2,622	3,880 2,622		3,6 4,401 2,692	2,692			
Financial Assistance to Local Fairs Business & Professions Code Section 19622(b), L. A. County Fair	1	230	250	1	230	250	1	250	53
Business & Professions Code Section 19622(c), Dist 1-A Ag Assoc	1	250	250	ı	250	250	•	250	25
Section 1965 Secti	•	125	125	1	125	125	1	125	12
Dustrace & Frotesators Code Businese & Professione Code Rusinese & Professione Code		150	150	ı	150	150	1	150	51
Section 1967.7.	1	204	204	ı	399	399	•	•	
Section 1967.3	1	2,060	2,060	1	909	909	1	2,000	2,00
Section 100 Code Appendix & Dist Ag Assoc Rusines & Professions Code		4,660	4,660	1	6,460	6,460	f	6,460	94,0
Section 19500		2,611	2,611	ı	5,891	5,891	•	2,800	2,88
Section 19630.3, Major & Deferred Maint	1	1,358	1,358	•	•	1	•	•	

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1981–82, 1982–83, AND 1983–84—Continued (In Thousands of Dollars) Schedule 6

Total	7,000	\$	19,000	80,000	243,300	011,771	113,100	3,451		8,980,308	98,521 1,716 8,880,071	9,323,347 441,560 1,716 8,880,071	15,829,311 6,213,071 294,971 9,510,469 -199,200	
Estimated 1983-84 Special funds	2,000	3	19,000	80,000	243,300	011,771	113,100	3,451		8,970,584	95,222	8,970,584 95,222 1,716 8,873,646	-5,494,891 1,703,186 294,897 -7,503,848 14,800	
General Fund	ı	ı	1 1	' 8	} '	ı	ı	ı		427.6	3,299	352,763 346,338 6,425	21,334,302 4,509,885 17,014,317 -200,000	
Total	2,000	280	27,200	81,200	203,850	131,230	104,540	2,651		9,440	139,165 24,639 2,212,697 9,440	2,650,425 403,649 24,639 2,212,697 9,440	22,960,300 5,931,772 366,971 16,659,557	
Estimated 1982-83 Special funds	2,000	280	27,200	81,200	203,850	131,230	104,540	2,651		9,440	122,189 24,639 2,225,541 9,440	2,381,809 122,189 24,639 2,225,541 9,440	364,822 364,822 -712,917 –	ocitoret.
General Fund	1	ı	1 1	١٤	} '	1	ı	1		4,132	16,976	268,616 281,460 -12,844	21,788,314 4,416,091 2,149 17,370,074	00000077
Total	10,187	916	11,871 542,965	81,888	167,275	73,746	106,707	1,839		8,123	136,240 24,391 2,179,554 8,123	2,566,494 354,426 24,391 2,179,554 8,123	22,224,845 5,600,163 197,421 16,427,261	44171479
Actual 1981-82 Special funds	10,187	916	11,871	81,888	- 272,731	73,746	106,707	1,839		8,123	119,280 24,391 2,173,602 8,123	2,325,396 119,280 24,391 2,173,602 8,123	173,161 1,337,767 1,86,685 - 751,291	100,000,0
Geoeral Fund	1	ı	1 1	' 3	ţ '	ı	ı	ı		22.912	16,960	241,098 235,146 5,952	21,451,684 4,262,396 10,736 17,178,552	21,092,102
Purpose and Legal Cliation	OTHER GOVERNMENTAL SERVICES Reverue Distributions State Reverues Apportionment Hwy Prop Rental Receipts Streets & Highways, Code Section 104,10	Apportionment of Trailer Coach Fees Apportionment of Trailer Coach Fees	Revenue & Taxation Code Section 11005 Apportoment Motor Vehicle License Fee Revenue & Taxation Code Sections [1003.3 & 11005	Apportionment Cigarette 1ax Revenue & Taxation Code Section 30462 Apportionment Titeland Revenues	Apportionment for County Roads Streets & Highways Code Section 2104	Apportionment for City Streets Streets & Highways Code Sections 2107 & 2107.5	Apportionment County Koad & City Street Streets & Highways Code Section 2106	Appointment of Councilla Aca Develop Public Resources Code Section 34000	UNCLASSIFIED	RESOURCES Dept of Boating & Waterways Revenue & Taxation Code Section \$322(g), Transfer From Motor Vehicle Account TOTALS STATITIORY AUTHORIZATIONS	Totals, State Operations Totals, Capital Outlay Totals, Local Assistance Totals, Uoclassified	TOTAL AUTHORIZED BY CONSTITUTION AND STATUTES Totals, State Operations Totals, Local Assistance Totals, Local Assistance	TOTALS BUDGET ACT AND OTHER AUTHORI- ZATIONS ZATIONS Totals, State Operations Totals, Capital Outlay Totals, Local Assistance Totals, Unclassified	IOIALS, ALE AUTHORIZATIONS

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1982 general obligation bonds Schedule 7

(This statement does not include bonds issued under authority of State instrumentalities that are not general obligations of the State of California)

Outstanding *	\$21,600 101,600 101,600 110,850 110,850 111,970 111,970 110,750 180,600 194,10	\$7,700 6,200 12,000 44,600 87,460 127,100 127,100 109,085 232,500 90,000 5795,385
Redemptions .	\$178,400 150,000 186,400 219,150 219,150 37,400 42,930 89,250 98,400 100,000 1	\$177,300 93,800 83,800 175,400 121,200 121,200 115,915 117,500 20,000 \$1,304,615
Unsold .	\$15,000 20,000 20,000 20,000 195,000 195,000 280,000 280,000 280,000 280,000 280,000 280,000 280,000 280,000 280,000	\$40,000 \$40,000
Authorized *	\$200,000 270,000 270,000 380,000 65,000 155,000 250,000 250,000 285,00	\$185,000 100,000 220,000 300,000 260,000 260,000 275,000 350,000 150,000 \$2,140,000
Maturity	1959–1985 1962–1989 1962–1989 1967–1991 1968–1993 1976–1991 1974–1997 1975–1997 1972–1997 1978–2002 1978–2002 1978–2002 1978–2002 1978–2002 1978–2002 1978–2002 1978–2002	1955-1990 1959-1984 1960-1985 1960-1987 1965-1991 1965-1994 1970-1994 1974-1997 1978-2001
Percent rate of interest	3.5 4.0 1.40 1.140 1.140 1.15.8 3.15.6 3.15.6 3.15.6 3.15.6 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.11.0 4.0-11.0	.25-3.25 3.25-3.3 1.0-3.5 1.0-3.5 3.25-4.0 3.05-3.4 3.05-3.6 4.2-6.0 4.5-9.0
Name of issue	GENERAL FUND BONDS State Construction Program Bond Act of 1955 State Construction Program Bond Act of 1958 State Construction Program Bond Act of 1968 State Construction Program Bond Act of 1968 State Construction Program Bond Act of 1964 State Construction Program Bond Act of 1966 Junior College Construction Program Bond Act of 1972 Gommunity College Construction Program Bond Act of 1972 State Beach, Park, Recreational and Historical Facilities Bond Act of 1974 State Beach, Park, Recreational and Historical Facilities Bond Act of 1976 State Beach, Park, Recreational and Historical Facilities Bond Act of 1976 California Clean Water Bond Act of 1976 California Clean Water Bond Act of 1976 California Clean Water Bond Act of 1976 California Sale Drinking Water Bond Act of 1976 State Urban and Coastal Park Bond Act of 1981 Parklands Acquisition and Development Program Bond Act of 1981 County Jail Capital Expenditure Bond Act of 1982 Lake Tahoe Acquisition Bond Act State School Building Lease-Purchase Bond Law of 1982 Lake Tahoe Acquisitions Bond Act State School Building Lease-Purchase Bond Law of 1982 Totals, General Fund Bonds PARTIALLY SELF-LIQUIDATING BONDS Totals, General Fund Bonds	State School Building Bond Act of 1952 State School Building Bond Act of 1954 State School Building Bond Act of 1957 State School Building Bond Act of 1960 State School Building Bond Act of 1960 State School Building Bond Act of 1964 State School Building Bond Act of 1964 State School Building Bond Act of 1964 State School Building Bond Act of 1966 State School Building Bond Act of 1966 State School Building Bond Act of 1966 State School Building Bond Act of 1972 State School Building Bond Act of 1974 Totals, Partially Self-liquidating Bonds

^{*} Dollars in thousands

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1982—Continued GENERAL OBLIGATION BONDS Schedule 7

(This statement does not include bonds issued under authority of State instrumentalities that are not general obligations of the State of California)

Outstanding *	\$1,463,900	\$327 915 915 40 40 31 21,885 \$23,198	\$25,800 \$9,400 114,400 67,025 90,000 1171,400 263,973 444,000 463,200 \$28,200 \$28,200 \$28,100 \$3,715,198 \$6,376,588
Redemptions *	\$106,100	\$8,673 8,535 9,960 822 38,115 \$66,105	\$474,200 240,600 280,600 28,600 110,000 78,600 36,002 36,003 36,0
Unsold *	\$180,000		\$200,000 450,000 \$830,000 \$830,000 \$2,960,000
Authorized *	\$1,750,000	\$9,000 9,450 10,000 8533 60,000 \$89,303	\$500,000 400,000 400,000 250,000 250,000 350,000 560,0
Maturity	1973–2022	1951–1985 1955–1989 1952–1983 1941–1985 1964–1998	1958–1984 1961–1986 1965–1989 1971–1992 1973–2000 1975–2002 1979–2004 1980–2005
Percent rate of interest	.05-6.75	4.0 4.0 1.5-3.25 1-5.5	1-3.5 3.5-40 0.5-40 0.5-40 3.1-4.5 3.5-5.8 3.5-5.8 4.7-7.0 5.5-7.75 7-11.0
Name of issue	SELF-LIQUIDATING BONDS ² California Water Resources Development Bond Act of 1959	San Francisco Harbor Improvement Act of 1909 3 San Francisco Harbor Improvement Act of 1913 48 San Francisco Harbor Improvement Act of 1913 4 India Basin Act of 1999 87 Harbor Development Bond Law of 1938 7 Totals, Harbor Bonds VETERANS FARM AND HOME BUILDING BONDS	Veterans Bond Act of 1956 Veterans Bond Act of 1958 Veterans Bond Act of 1960 Veterans Bond Act of 1962 Veterans Bond Act of 1968 Veterans Bond Act of 1974 Veterans Bond Act of 1976 Veterans Bond Act of 1976 Veterans Bond Act of 1978 Veterans Bond Act of 1980 Veterans Bond Act of 1980 Veterans Bond Act of 1980 Veterans Logal Mome Building Bonds Totals, Veterans Farm and Home Building Bonds TOTALS, ALL GENERAL OBLIGATION BONDS

The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.

The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service

expenditures.

*Callable on and after July 1, 1951, by lot.

*Callable on and after July 2, 1955, by lot.

*Callable on and after July 2, 1955, by lot.

*Callable on and after July 2, 1955, by lot.

*Callable on and after January 1, 1941, by lot.

*Callable on and after January 1, 1941, by lot.

*Chapter 70, Statutes of 1972, authorizes a reduction in the amount of bonds from \$1,000,000 to \$833,000, and also authorizes a reduction of \$85,000,000 for San Francisco harbor development and \$10,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

GLOSSARY

The following budgetary terms are used frequently throughout the Governor's Budget and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget related terms may be found in the State Administrative Manual and in the annual Budget Bill.

- Administration Program: An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting, and Business Services functions that generally serve the whole department. "Administration-distributed" represents those costs which are more properly distributed to the program activities of an agency as indirect costs.
- Allocation: A distribution of funds, or an expenditure limit established for an organization unit.
- Allotment: A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line-item expenditure basis.
- Appropriation: An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Continuing appropriations (which require no subsequent legislative action) are also provided by the California Constitution.
- Appropriation Limits: As defined in Section 8 of Article XIIIB of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another. (See A Pages for General Government.)
- Augmentation: An increase in an allotment. A control section of the Budget Act authorizes the increase in expenditures for a category or project by transfer from any other category or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.
- Authorized Positions: Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are listed following each agency's budget presentation in the Governor's Budget. (See Proposed New Positions.)
- Balance Available: Amount available for appropriation or encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be encumbered for the purposes of the specific appropriation.
- Baseline Budget: A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes adjustments for cost increases, but does not include changes in level of service over that authorized by the Legislature.
- Budget, Program/Traditional: A plan of operation for a specific period of time expressed in financial terms. A program budget expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives.
 - A traditional budget expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.
 - The Governor's Budget is primarily a program budget. However a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations, Local Assistance and Capital Outlay for each department, as well.
- Budget Bill/Act: The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's request for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature.

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The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act. (See the Governor's Budget Introduction for a description of the process.)

- Budget Change Proposal (BCP): A proposal to change the level of service or funding sources for activities authorized by the Legislature, or propose new program activities not currently authorized.
- Budget Year (BY): The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year (the year we are in now).
- Capital Outlay: Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).
- Carryover Appropriations: Appropriations with balances available for expenditure in years subsequent to the year of enactment.
- Category: A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.
- Category Transfer: A control section of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any other category within the same appropriation item schedule. Augmentations of personal services and operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)
- Changes in Authorized Positions: A statement included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.
- Character of Expenditure: A classification of expenditures. (See State Operations, Local Assistance, or Capital Outlay.)

- Codes, Uniform: A set of codes, used in all major fiscal systems of California State Government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)
- Continuing Appropriation: Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which is automatically renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is required for the purpose as determined by formula—such as school apportionments.
- Control Sections, Budget Act: The Budget Act is divided into sections. Section 1. establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California. Section 3.00 is not currently being used. Sections 4.00 through 36.00 are general sections, also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.
- Cost of Living Adjustments (COLA's), Statutory/Discretionary: Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid. (See the "A Pages" for a description of specific COLA's.)
- Current Year (CY): The fiscal year beginning July 1 and ending June 30. The time period we are in now.
- Encumbrance: A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.
- Expenditure: Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.
- Federal funds: In state budget usage, this term describes all funds received directly from an agency of the

federal government but not those received through another state department. State agencies must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

Final Budget: The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of item veto. It includes a detailed list of changes by item number with a cross reference to the page number of the Governor's Budget.

Finance Letters: Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10 to reflect a revised plan of expenditure for the Budget Year.

Fiscal Year (FY): A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California state government, it lasts from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years. The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "'81" or "1981" means the 1981–82 fiscal year. By contrast, the federal 1981–82 fiscal year is often referenced as "'82" or "1982", and lasts from October 1 through September 30. (Calendar years are also used in the state for economic, revenue and other program purposes, and are referenced as "1981" or "'81"; thus, it is often difficult to determine whether a calendar, state fiscal or federal fiscal year is being referenced.)

Fund Balance: Excess of the assets of a fund over its liabilities and reserves. (See Balance Available, Reserve for Economic Uncertainties and Surplus.)

Fund Condition Statement: A statement included in the Governor's Budget for each special fund, special accounts in the General Fund, selected bond funds, and Governmental Cost funds to disclose the fund assets, liabilities, reserves and surplus.

Funds: A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions, or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures. (See Governor's Budget, page B-1 for a description of the types of funds in the State Treasury.)

Item: (See Appropriation.)

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Limited-Term Positions: A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.

Line Item: (See Objects.)

Local Assistance: Expenditures made for the support of local government activities.

Local Mandates: (See state-mandated local program.)

Merit Salary Adjustment: A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the work classification.

Minor Capital Outlay: Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$150,000.

Objects (line items): A subclassification of expenditures based on type of goods or services. For example, the Personal Services Category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each department's budget in the Governor's Budget for State Operations, Local Assistance and Capital Outlay expenditures. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.

Past Year: The fiscal year just completed. (See Fiscal Year.)

Personnel Years: The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure

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- Positions: (See Authorized Positions.)
- Programs: The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements and those of components and those of tasks (the lowest defined program activity).
- Proposed New Positions: A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.
- Reappropriation: The extention of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.
- Receipts: Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.
- Reconciliation With Appropriations: A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.
- Reimbursements: Amount received as a repayment of the cost of work or service performed or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).
- Reserve for Economic Uncertainties: Control sections of the Budget Act provide for the establishment of a reserve of funds in the General Fund and in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriation Limits.)
- Reserves: An amount set aside in a fund to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, for pending salary or price increase appropriations, and appropriation for capital outlay projects.
- Revenue: The addition to cash or other current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses, and fees or investment earnings.
- Reversion: The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.
- Salary Savings: Salary savings reflect personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.
- Staff Benefits: The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits, and nonindustrial disability leave benefits.
- State-Mandated Local Program: State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979 general election. (See Governor's Budget: 9680 State-Mandated Local Programs.)
- State Operations: Expenditures for the support of state government, exclusive of capital investments and expenditures for local government activities.
- Summary by Object: A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Capital Outlay and Local Assistance expenditures.
- Summary of Program Requirements: At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals and source of funds for

the past, current and budget years.

Summary Schedules: The "B Pages" of the Governor's Budget include schedules which summarize state revenues and expenditures for the past, current and budget years. (See B Pages.)

Surplus: A surplus is the amount that exceeds liabilities and reserves. This term is no longer favored although still used in many fiscal presentations. (See Fund Balance.)

Tax Expenditures: Subsidies provided through the taxation systems. (See A Pages.)

Transfers: As reflected in fund condition statements, reflects the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.

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